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# **Parliamentary Debates**

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LEGISLATIVE ASSEMBLY ESTIMATES COMMITTEE A

Thursday, 28 May 1998

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## ESTIMATES COMMITTEE A

The meeting commenced at 9.00 am.

THE CHAIRMAN (Mr Bloffwitch): This Estimates Committee will be reported by Hansard and a proof document will be made available to the committee clerk progressively throughout the day. The daily *Hansard* will be available the following morning. I caution members that if a Minister asks that a matter be put on notice, it is up to the member to lodge the question on notice with the Clerk's office; only supplementary information which the Minister agrees to provide will be sought within one week.

It will also greatly assist Hansard if, when referring to the Budget Statements or the consolidated fund estimates, members give the page number, item, program and amount in preface to their question.

As has been the practice of previous Estimates Committees, members should not raise matters of general concern which do not have an item of expenditure in the consolidated fund. The Estimates Committee's consideration of the consolidated fund estimates of expenditure will be restricted to discussion on those items for which a vote of money is proposed. I remind members that we are dealing with the estimates of expenditure, and that should be the prime focus of this committee.

While there is scope for members to examine many matters, they must be clearly related to matters of expenditure. For example, members are free to pursue performance indicators which are included in the Budget Statements while there remains a clear link between the question and the estimates. It will assist in the committee's examination if questions and answers can be kept brief without unnecessarily omitting material information. It is the intention of the chairman to ensure that as many questions as possible are asked and answered, and that both questions and answers are short and to the point.

The Minister may agree to provide supplementary information to the committee, rather than ask that the question be put on notice for the next sitting week. For the purpose of following up the provision of this information, I ask the Minister to clearly indicate to the committee which supplementary information he or she agrees to provide. Details in relation to supplementary information have been provided to both members and advisers and, accordingly, I ask the Minister to cooperate with those requirements.

### **Division 24: Education, \$1 231 563 000 -**

[Mr Bloffwitch, Chairman.]

[Mr Barnett, Minister for Education.]

[Ms Cheryl Vardon, Director General.]

[Ms Narelle Cant, Principal Policy Adviser, Minister for Education's Office.]

[Mr Ronald Mance, Executive Director, Business and Resource Management.]

[Mr Neil Jarvis, Executive Director, Strategic Planning and Direction.]

[Mr Stephen Home, Executive Director, Human Resources.]

[Ms Dianne Kerr, Executive Director, Education Programs.]

[Mr Peter McCaffrey, Director, Finance.]

[Mr Malcolm Parr, Manager, Client Services.]

Mr RIPPER: Before the last state election, the forward estimates provided for productivity dividends across government agencies. In yesterday's Estimates Committee, remarkably the Premier was unable to remember what productivity dividends had been applied to major government agencies such as health, police and education. I imagine the Education Department might have a rather more precise memory of the productivity dividend that has been inflicted in each of the last two budgets. Could you outline how much that productivity dividend has been in each of the last two budgets and what measures the Education Department has undertaken to achieve that productivity dividend, which could be better expressed as a funding cut?

Mr BARNETT: The productivity dividend was 1.5 per cent. In Treasury's view it was to apply across all government departments. It is my view that it does not apply to education and health. Nevertheless, we have tried

to achieve savings in various administrative ways. In a labour intensive area such as education, a 1.5 per cent productivity dividend simply means reducing staff and that has not been happening in education.

Mr RIPPER: You are saying that it is your view that this should not apply to education. Is that not something the Treasurer applies rather than you?

Mr BARNETT: If you go back to public comments made during the 1996 election campaign you will find that education and health were not included in the productivity dividends. Nevertheless, Treasury has quite properly tried to achieve that across government. However, while we have achieved savings in education, we have not achieved 1.5 per cent and we never expected to.

Mr RIPPER: Are you saying that no productivity dividend has been applied to education or that it is a dividend of less than 1.5 per cent?

Mr BARNETT: Treasury applies a nominal, if you like, 1.5 per cent across all of government. That will not be achieved in education given that our school system is growing and that it is highly labour intensive.

Mr RIPPER: What has been the extent of that Treasury application of 1.5 per cent in each of the last two financial years?

Mr BARNETT: It is reflected in the fact that this year the Education Department budget will run ahead of what was estimated. Treasury prepared its estimates on the basis of a 1.5 per cent productivity dividend. That translates to about \$19m in education. Some substantial savings have been achieved but they will not match the \$19m.

[9.10 am]

Mr RIPPER: Was it \$19m for 1997-98?

Mr BARNETT: Yes.

Mr RIPPER: What is the Treasury imposition for 1998-99?

Mr BARNETT: It is proportionately higher at \$27m on a nominal basis. If a nominal 1.5 per cent is applied over 1998-99, \$27m is reached. No productivity bid is achieved short of reducing staffing or increasing class sizes, neither of which we are doing.

Mr RIPPER: Is the Treasury placing the Education Department under pressure to achieve a \$19m cut in 1997-98 and a \$27m cut in 1998-99?

Mr BARNETT: Treasury is attempting to achieve 1.5 per cent savings across government. That will not happen in a growing education system with policies to reduce class sizes and increase teacher numbers. However, there is a responsibility in the administration of education to make savings. The director general achieved approximately \$21m of administrative savings over the last 12 months. We are making savings, but not in the guise that a simple notion of a productivity dividend creates.

Mr RIPPER: I am interested in pursuing this issue.

Mr BARNETT: I am sure you are.

The CHAIRMAN: The member may continue, but other members need an opportunity to pursue their questions.

Mr CARPENTER: We are happy for the member to continue.

Mr RIPPER: How were those savings of \$21m achieved? What projects were cut? What expenditures were deferred? What positions were abolished?

Mr BARNETT: A lot of changes have taken place in administration with many positions moved from central office; that is, both a downgrading and a shift to district offices.

Ms VARDON: The savings of \$21m to which the Minister referred are a mixture of recurrent savings and some one-off savings. A year ago significant restructuring of the organisation began, particularly the central office, in an endeavour to save on administrative costs and to provide more services and functions to our new district offices to give schools greater support and enhance the schools' capacity to make better decisions with their district partners. The recurrent savings from the realignment of central and district offices amounts to around \$6m. One-off savings in 1997 and 1998 from the realignment of central and district offices is a little more than \$4m. There are a range of other smaller savings which amount to \$21m.

Mr RIPPER: Ten million dollars of savings has been identified; another \$11m remains.

Ms VARDON: Other savings include savings in the cost of annual salary increments of \$3.5m; \$3m in funds for the realignment program provided by the Government is carried forward, so I will not include that; and additional royalties from the sale of materials produced from the First Steps program. Under different savings, we have a little more than \$1.4m in savings in one of the education programs; savings of a little more than \$1.2m in central office rent because of a new agreement; and various other smaller areas of savings amounting to about \$400 000. This is a result of downsizing the central office but still moving additional positions to the districts to keep faith with that notion of devolution and examining our overall administrative costs. We will continue to do that on a smaller scale over the next few years.

Mr RIPPER: What is the cut in the total expenditure and the loss of staff on head and district offices combined as a result of the restructure?

Ms VARDON: I will start with the full time equivalent reduction. The overall figure is around 200 lost positions; but as a qualifier, of those 200 positions lost in central office, 50 were moved to districts around the State. The number of districts was reduced, so the net downsizing from central office is around 150 positions.

Mr RIPPER: What is the total budget loss?

Ms VARDON: A number of redeployees are waiting for placement or to take redundancy packages. We have allowed for a number of people to be paid out on a voluntary basis to achieve that downsizing. That was relatively successful in the sense that people felt well supported and were able to make choices. The extra money from central office to district offices that was distributed to support the functions of the additional people is around \$4.4m.

Mr RIPPER: What is the total budget that the head and district offices were in receipt of before the restructure and the total budget now? You have lost a total of 150 positions in the restructure; what is the budget cut applied to the totality of head and district offices?

Ms VARDON: Can we take that on notice, because there is a significant reduction of those positions? The average salary of those positions is around \$45 000.

Mr RIPPER: I ask that that be provided as supplementary information, rather than taken on notice.

The CHAIRMAN: Is the Minister prepared to provide that within the week?

Mr BARNETT: I shall endeavour to provide that information to the member.

Dr CONSTABLE: I refer to student services and last year the director general said that there were no moves to reduce the number of school psychologists. From questions on notice we find the number of school psychologists in 1997 was 184.2 and this year it is 155.4. What is the reason for that reduction, because it makes a big difference to the ratio of school psychologists to students? It raises the question of overall student services. Have savings been achieved in the restructure of student services?

Ms VARDON: The savings were through administrative costs, not specific services to schools. The restructuring of student services was to integrate the various disciplines and to encourage people from differing backgrounds to work together rather than having a silo effect that separate disciplines can have in district offices and when working with schools; that is, not sharing information and those sorts of things. That integration of services means that the student services area will still have a large number of school psychologists. However, those school psychologists have been given generic names.

Mr RIPPER: Cleaners, gardeners.

Ms VARDON: Generic names such as coordinator of student services and manager of student services.

Dr CONSTABLE: Are they still doing the work of school psychologists or are they doing something else?

Ms VARDON: They will do part of the work of school psychologists, but they are also administrators and managers of the integrated services, which is better because children do not have separate problems. Children need a range of services to support them and look after them.

[9.20 am]

Dr CONSTABLE: I am still a bit confused when I look at the fact that 14 senior high schools are going outside your system and employing school psychologists. How do you account for that?

Ms VARDON: They can do that if they choose. In fact, the direction that we will be taking over time is that schools will buy in their own services.

Dr CONSTABLE: Does the department cut down the service and then schools pay for it out of their budgets?

Ms VARDON: If we reduced the services that we were responsible for over time, we would ensure that the funds for those services were directed to schools to enable them to have flexibility in the services that they buy. In this restructuring and in the savings that we have found, the emphasis has been on looking at the administrative costs and not reducing services to schools, and certainly not touching schools at all in terms of finding those savings. In that new structure, four managers and 20 coordinators of student services replaced the eight principal and 27 senior school psychologist positions.

That reflects the numbers of districts. Some districts do not have managers of student services because they are quite small. Currently there are 166.35 full time equivalent staff members in addition to those managers I have mentioned who also carry out service provision and who are employed as school psychologists with an estimated annual salary of \$45 500. The cost of this service annually is \$7.57m with additional costs for travel and so forth. In addition to those school psychologists, other services in district offices are working with school psychologists together with the managers and the coordinators, so that it becomes an integrated service rather than people working individually.

Dr CONSTABLE: I understand that, but has there been an increase or a decrease in the money spent on school psychologists? What is the bottom line?

Ms VARDON: We looked at this earlier and it is roughly the same this year as last year.

Mr RIPPER: I am aware of a school that decided not to employ a teacher for half a day a week because it had not been able to get access to the school psychologist services that it wanted. It employs a school psychologist instead of the teacher for half a day a week. Do you accept that as an appropriate outcome of the policies pursued in your department?

Mr BARNETT: It depend on the staffing level of the school. As the director general said, schools will have more discretion about the mix of staff in the future, whether it be in the nature of the teaching skills of the teaching staff, or whether they choose more support specialist staff. That will be the trend in education. You may not want to mention the school. However, we are happy to respond to your concern if you want to name it.

Mr RIPPER: I would prefer that the school remain anonymous.

Ms VARDON: We looked at special schools - education support schools in particular. There has been a cry from them for a long time to choose their own mix of staff, including therapy staff and non-teaching staff, to suit the mixture of children who attend the school - the nature of the clients if you like. Over time the rigid central office staffing formula is breaking down and schools are being given the discretion to buy the services, including teaching services, that they need for the children in their schools. Sometimes that may mean 0.5 school psychologists rather than an extra teacher.

Ms McHALE: I have a follow up question on school psychologists. A couple of my schools and P & C associations have informed me that they have experienced a very real reduction in the hours available to them for school psychologists, which has had a deleterious effect on the availability of support services. What assurances can the Minister give to those schools which have experienced this real cut that the Education Department will look at that situation and rectify it?

Mr BARNETT: We do respond. In situations where an event or crisis occurs in the school, resources are available to deal with the situation.

Ms McHALE: The problems are not so much crisis problems but ongoing social problems that affect the educational output of the children.

Ms VARDON: The crisis issue in the schools is a very real one. On any given day, a very serious accident can occur which will require teams of school psychologists in that school on an emergency basis. Sometimes they could be there for several months. For example, we had extra school psychologists in the Margaret River region for over a year following the Gracetown accident almost 18 months ago, and we still have additional resources there. Schools may experience difficulty in getting the service they want immediately, but school psychologists set their priorities and go where they are most needed first. In the sum of money that we moved out of the central office to district offices to give them more flexibility, there is a capacity for district offices to buy a service and place it in a school, if there is a particular shortfall at that school. This is about schools and districts being able to respond as quickly as possible to need. If a school feels it is suffering because of this policy, I would like to know so that I can follow it up.

Mr RIPPER: I was fascinated to hear the director general refer to the Gracetown tragedy and the counselling provided by school psychologists. I have been told that the unit of school psychologists in head office that was

available to respond to tragedies no longer exists because of the restructure. Is there still a capacity to send counsellors out when there is a community or a school tragedy?

Ms VARDON: I believe it is counterproductive and extremely costly to have direct service provision located in central office. That has been a criticism of the central office for many years. Direct service providers belong in schools or district offices closer to the action. Central office - I hope over time it becomes more so - should deal with the things that the team with me now deals with; that is, financial management; frameworks for curriculums; strategic planning; and overall policy setting for human resources. That is a real separation of the operations and the service delivery in schools and in district offices from a smaller central office responsible for setting policies. Some services provided across the State are very small services when there is still a presence in central office. For example, it does not make sense to divide a person into sixteenths for agricultural education.

Ms KERR: A team of five principal school psychologists was located in central office and none of them went to schools to do counselling. They were engaged in basic central office roles, including policy development. All of those people have been moved out to districts. We now have four student services people at level 8 in Perth. Their main role is, firstly, to lead the service in the four Perth metropolitan districts and, secondly, to provide statewide services within crisis management, if needed.

[9.30 am]

Mr BARNETT: From my observations over the past two or three years - the accident at Gracetown was a little different - the ability of the department and other related agencies to attend to situations has been superb. I have been amazed with the speed at which our professional people are on site when problems are associated with students at the schools. The concept of counting heads in some central unit does not reflect the reality, and I say that quite genuinely. I think the department and other agencies have acted superbly in some very difficult situations in the past three years.

Mr RIPPER: I think the point of concern to the committee is whether there is any longer any capacity for the department to react in that superb manner. Our advice is that the people who used to do that have been dispersed. The next issue of concern is what strategy is in place, where is the expertise and how it will be coordinated in the timely fashion to which the Minister has just alluded now that people have been dispersed across district offices?

Mr BARNETT: It is because we have a smaller number of district offices that those officers have been able to respond very quickly and professionally when situations have arisen.

Mr RIPPER: They have responded before the restructure, but not afterwards.

Mr BARNETT: Since the restructure they have responded to a number of situations this year very quickly, and probably more quickly than previously.

Mr RIPPER: Is the Minister happy with the way in which they responded to the dispute at the East Maddington Primary School?

Mr BARNETT: Yes, absolutely. That example was in my mind when I spoke. It was an extremely difficult position with parents taking what can almost be described as a military position. That was handled very professionally and sensitively at the first level by the district officers; indeed, the director general was directly involved with it. A situation that could have become very difficult was contained.

Ms VARDON: I feel quite strongly about the issue. Given the size of Western Australia, it makes no sense to coordinate things quickly from head office. In fact, when there is a crisis or an accident or something else, the district office is the first place to go to. The services can be provided from there. I might know of the incident at the same time and will make sure that the executive directors in the office responsible for the district were overseeing the coordination. The district directors are very senior, capable educators. They are in the groupings and clusters of schools, managing the services with the schools in partnership. To travel from East Perth to even the far-flung suburbs of Perth to coordinate or manage a disaster is not practical.

Dr CONSTABLE: My question relates to the changes to requirements in year 12 and the number of subjects students are taking. What percentage of students are now taking fewer than six subjects?

Mr BARNETT: This is an important point, but -

Dr CONSTABLE: It relates to teachers.

Mr BARNETT: It is probably primarily a Curriculum Council issue, which we will get to later.

Dr CONSTABLE: It relates to staffing, and that is what I want to get to. The first question is about the percentage of students who are taking fewer than six subjects in year 12.

Ms VARDON: I am sorry, nobody here can answer that question directly, but we can provide it by way of supplementary information. Perhaps we can answer the question relating to staffing.

Dr CONSTABLE: I assume that if a large percentage of students is taking fewer subjects in year 12, it would have an effect on subjects that were viable in a school and, therefore, staffing. Can any figures be provided on the effect of those changes in staffing and in the subject areas affected?

Ms VARDON: I assume the member is coming to the issue of small classes of students. The staffing at each school is generated on the basis of enrolment, which includes specialist staff. The number of students goes up and down, as is the case with teachers.

Dr CONSTABLE: If students move from taking six subjects to taking five in year 12, it must affect not only class size, but also the offerings in the school and the subjects that are viable to be offered. Has there been an overall effect on staff in schools because of the changes?

Ms VARDON: The overall number of teachers in Western Australia in the government school system is growing.

Dr CONSTABLE: That is not the question.

Ms VARDON: I am trying to come to terms with the question.

Mr HOME: I am not sure I am coming to terms with the question either. Enrolments alone drive the staffing for a school. A school will have an allocation of FTEs based on the enrolment, having regard to factors, such as socioeconomic disadvantage and so forth. How that school is structured, how the classes are structured and the subjects offered are a determination of the principals within the overall staffing ceiling, which is based on the staffing formula.

Dr CONSTABLE: I will illustrate my question by advising that in non-government schools with those changes in the requirements in the upper school where students are not required to take six subjects - they can take fewer than six subjects and still progress to universities - it is affecting the number of subjects offered in the upper school. Has there been an effect in government schools?

Ms VARDON: I believe there has. However, I ask that that question be put to the Curriculum Council which will have the detailed knowledge about it. Certainly, as Mr Home said, schools will make a decision about which subjects they offer and, therefore, the kind of teaching mix they need, on the basis of demand.

Dr CONSTABLE: Does that mean that as far as Ms Vardon knows there has not been an effect on staffing because of those changes?

Ms VARDON: No, because the staff may not be in that school. The staff are where the students are in terms of numbers because of the formula.

The CHAIRMAN: I wonder whether the member is prepared to wait until we get to Division 26 to ask that question.

Dr CONSTABLE: I certainly am.

Mr RIPPER: Last year the Minister told the House that he expected a deficit of between \$20m and \$30m in the Education budget in 1997-98. He gave that information in answer to a question in this Parliament. Has that expectation of the deficit of that size been realised and, if not, what measures were taken to bring the budget in on target? Perhaps those measures have been enumerated already by the response of the director general on the productivity dividend. Are we talking about the same issue or has something additional been done?

Mr BARNETT: The budget papers show that for the period covered to the end of April there is a so-called overspending of \$14.3m. For the end of the year - we are still trying to manage things as well as we can - I stand by my previous statement: I expect the department will probably end up with actual expenditure being between \$20m and \$25m ahead of what was budgeted last year. I stress that the final figure will depend on a number of things, critical of which is the timing of capital payments for school construction and major projects. Nevertheless, in our best judgment the figure will be between \$20m and \$25m. I emphasise, that does not reflect any mismanagement or inability to manage. We have a growing education system with a number of major programs being implemented, principally the early childhood program and also the technology program and the like. The system is growing very quickly.

[9.40 am]

Mr RIPPER: The base budget for 1997-98 is out by between \$20m and \$25m. Has that amount been factored into the calculation for the budget for 1998-98, or are we heading for another financial year where at the end of the year the Minister will say he is afraid that between \$20m and \$25m has been overspent.

Mr BARNETT: It is difficult to know. In large part the result of Local Area Education Planning will be significant, but it depends on the timing of payments and the arrangements entered into by Treasury; for example, when there is a redevelopment of schools, some money will be forwarded by Treasury in anticipation of some property sales, so that as we build some schools, other schools will disappear.

The education budget is very tight for the next two years. A casual observer might jump to the conclusion that there are cuts in education; there are not. I say that in the context that education spending will increase by 5.5 per cent. In terms of net appropriation, it will increase by 6 per cent, or \$70m. Over the past five years, education spending in this State has increased by 45 per cent, or \$425m. This does not reflect cuts in education but instead the programs and innovations introduced in education are costing more than was budgeted for by the Treasury. We must contain some of the growth over the next few years.

Mr RIPPER: Would you agree, Minister, that there is a struggle between the Education portfolio and Treasury on whether productivity dividends will be applied to education? Education's answer has been "No" and to produce an overspend of \$20m to \$25m.

Mr BARNETT: Treasury has an objective across Government of achieving a productivity dividend. However, to apply that notional figure as a prescriptive measure in education means reducing teachers or increasing class size, neither of which has been done. However, we will within other areas of the administration of education, try to achieve savings such as the \$21m outlined by the director general. It is not as though education is a traditional public service department in which the numbers of employees can be reduced. This concerns classes, teachers and children.

Mr RIPPER: Can I clarify this: The department saved \$21m and still ends up having overspent by \$20m to \$25m!

Mr BARNETT: Yes.

Mr RIPPER: That indicates that the budget in 1997-98 was way out of line with the realities of the requirements.

Mr BARNETT: The Treasury had an aspiration that the saving of 1.5 per cent would occur. It did not occur and it will not occur in education.

Ms McHALE: I have a series of questions, Minister, on the commitment to expenditure on computers. Will the Minister clarify the expenditure of \$100m on page 348 of the Budget, in which there is an allocation for computers in schools of \$80m? Is that an estimated total cost?

Mr BARNETT: We allocated, from memory, \$17m and another \$20m - a total of \$38m - to the ongoing computers in schools programs. In addition, following the sale of the Dampier to Bunbury pipeline, a further \$100m was allocated spread over four years - \$80m to government schools and \$20m to non-government schools. That is in addition to the ongoing programs.

Ms McHALE: It will be \$20m per annum for the next four years?

Mr BARNETT: That is correct, in addition to the other previously committed funds.

Ms McHALE: Can you give the educational reason for the targets that you have chosen of one in five for senior high schools and one in 10 for primary schools?

Mr BARNETT: I will ask educationalists to comment on that. However, from a government perspective and policy point of view we want to give a clear target and the community expects a measurable result in the expenditure of that money. The first step, which is currently being undertaken, is to perform a proper audit of the level and quality of computing facilities in schools. As a Government, we want to see a clear and measurable result delivered.

Ms McHALE: For education reasons?

Mr BARNETT: Yes.

Ms VARDON: The ratios, as described, are those advised by teachers over time. This is not just a Western Australian figure; it is a national ratio with national targets. They are targets that other countries have tried also to achieve. It is what teachers have said over time is the number of computers required for them to manage with children in order that all students have access to computers. So, it is an issue of access. A computer for every child is unnecessary because they do not use them every moment of the day. However, those ratios ensure that each child has a significant amount of access each day. Therefore, it is timing and access.

Ms McHALE: In order to meet the target in four years, how many computers will need to be purchased?

Ms VARDON: As the Minister said, we are conducting an audit on all computers in schools. That audit will allow us to work out the number of units we must buy in order to meet those ratios.



Ms McHALE: At this stage you do not know?

Mr BARNETT: Indicatively, a figure is around 23 000 to 24 000 in government schools and about 6 000 in non-government schools.

Ms McHALE: How has that figure been arrived at, Minister?

Mr BARNETT: That is the estimate of what we believe are currently there and how many we will get for that money. However, as I said, a detailed audit has been undertaken in schools to measure the numbers, age and quality of existing hardware. We will then be able to work from there; in broad terms about 24 000 computers.

Ms McHALE: How much does a computer cost?

Ms VARDON: There is a huge range of costs. We are looking at a unit cost of between \$1 200 to \$1 500.

Ms McHALE: What will that audit measure?

Ms VARDON: The audit will measure the numbers of computers currently in schools, their age and quality. Some computers that schools already have will need to be replaced to give children good, modern technology. It is not just an issue of computers though.

Ms McHALE: I have in my electorate a number of schools that have computers that are 11 years old. They are obsolete as an educational tool. Will you give an assurance that they will be replaced?

Mr BARNETT: I do not know the fine definition. However, in the audit, computers that are so old or outdated will not be counted. We are talking about computers that are functional and useful for schools. If it is old equipment that is of no use, we will not take that into account in the audit. We are looking at ratios of modern, appropriate computers for children.

Ms VARDON: The audit will allow us to set a standard across all schools so that no school has a computer that is older than a certain age. As the Minister said, that standard will allow us to provide a good benchmark of modern technology.

Ms McHALE: Have you defined what that certain age will be at this stage?

Ms VARDON: Not yet, no.

Mr BARNETT: Age and capacity.

Ms McHALE: If that target is reached over four years in a high school of 1 700 students, that would mean there would be about 340 computers on site, which is a large network of computers. Will technical support be provided to service such a network of computers?

Ms VARDON: The expenditure over four years means a considerable amount of planning. It is not simply buying computers to meet the ratios but, rather, looking at the technical support that schools will need to access and also, of course, professional development for teachers. Therefore, the planning is in the early stages but it will indicate that level of technical support that we must supply.

Dr CONSTABLE: Dot point 6 on page 329 refers to the shortage of teachers anticipated. Because of the changes in teacher training next year, it is anticipated there will be a shortfall of teachers. In which subject areas do you expect those shortages? What strategies are in place to deal with teacher shortages not only next year but in the future?

[9.50 am]

Ms VARDON: It is interesting that across Australia the number of teachers is higher than the number of jobs available, so there is an oversupply in the broad sense. However, we have an undersupply of teachers in specific areas. The Ministers for Education met recently, and they are carefully monitoring the teacher shortage in specific areas across Australia and have discussed a coordinated national recruitment strategy to ensure that we recruit teachers for particular subjects. Western Australia has a shortage in the areas of mathematics and science, and we are considering whether it is possible to retrain some teachers or give graduates in those areas teaching qualifications. Another concern is that schools occasionally have a shortage of teachers because they are difficult to staff due to their location. Shortage of teachers does not mean shortage in numbers.

Dr CONSTABLE: That is not the question that I asked.

Ms VARDON: It means that some subject areas are under prescribed and some schools in certain areas are difficult to staff, but work is being done on that both nationally and within each State.

Mr BARNETT: I understand also that the department is using some funds from the career change program to retrain teachers to teach mathematics.

Dr CONSTABLE: What level of funding and what number of people are we talking about?

Mr BARNETT: It is not a huge amount. It is to retrain some teachers to teach maths.

Ms VARDON: The funds allocated from the Government as a result of the career change program leave us with a balance of around \$2.5m. We will use part of that to retrain or recruit maths and science teachers. We can do that fairly quickly. The bigger issue is to encourage young people to study those subject areas and to regard teaching as an attractive career.

Mr HOME: The overall situation with regard to supply and demand of teachers is difficult to gauge. Some issues are arising that will put some pressure on teacher supply, such as the move to four year training. We are trying to get people to go to rural communities to teach. One of the areas in which we have a shortage of maths and science teachers is Newman, which has a traditional difficulty in attracting people to relocate. The funds to which the director general referred will enable us to provide specific training to enable people to cross over into those areas of shortage. We are also talking with the universities about providing courses that will enable people who are working in an area of reasonable supply to pick up skills and be guaranteed work as a science or maths teacher.

We are looking at other strategies in those subject areas to attract people to rural areas, and the budget includes an allocation for country incentives. We are looking again at whether permanency should be offered, because that is a major factor when people decide whether to move and which subject areas to get into. It may be possible to address some of those areas of shortage.

Dr CONSTABLE: What shortage of science and maths teachers do you expect in 1999?

Mr HOME: I am not in a position to give numbers. That will depend partly on the success of the strategies that we are putting in place at the moment. We have set aside funds to put this training in place. We are not yet in a position to know how many people will put up their hands to acquire those skills and move into those areas. Last year, we did not offer permanency on probation in the primary area because we have more permanent teachers in that area than we have permanent vacancies. However, we did offer permanency on probation in the secondary area, mainly in areas where we had to address particular issues.

Dr CONSTABLE: I am more interested in the problem that we will have in the future in finding teachers in these areas. It seems extraordinary to me that in May 1998 you do not have some idea of what the problem will be next year.

Mr HOME: We are not in a position to know what vacancies will arise in 1999. We have done some projections, and people in the office are doing work force planning.

Dr CONSTABLE: What is the worst case scenario that you face?

Ms VARDON: We do not have a serious problem. Basically, it would be nice if we had a few more maths and science teachers to go to the bush.

Dr CONSTABLE: It is serious enough to be one of the eight dot points on this page. That is why I am asking the question.

Ms VARDON: It is an issue that every system is monitoring. There is an oversupply of primary generalists and an undersupply nationally in some curriculum areas. It is not a huge problem in Western Australia.

Mr BARNETT: It is fair to say that federal Ministers, state Ministers and directors general are concerned that we could have a problem with teacher shortages in five or 10 years. It is a long term strategic problem of the number of young people who are taking up teacher training. It is not an immediate problem in the system, but we are watching it for the future.

Dr CONSTABLE: Would the Minister dispute the figure put of the Australian Council of Deans of Education, which anticipated a shortfall of 7 000 teachers Australia-wide by 2003?

Mr BARNETT: Absolutely. It is not true. That was discussed at the Ministerial Council on Employment, Education, Training and Youth Affairs, and not one state system was facing the crisis that those figures would suggest.

Ms VARDON: One of the complexities of teacher supply and demand is the age profile of teachers. A number of teachers will retire in five to eight years, or whatever, given the age profile. The challenge at the moment is keeping the young and enthusiastic teachers attached to the system and in the system as temporary teachers, and convincing them that being a temporary teacher in those early years is a great way to go.

Mr RIPPER: And not necessarily that temporary, particularly in Paraburdoo!

Ms VARDON: That is a challenge; and looking at the complex issue of supply and demand, we are able to offer some temporary teachers in some locations longer contracts than has been the norm. It is a topic that, as the Minister has said, is of some concern nationally.

The CHAIRMAN: I remind members that all questions must go through the Minister, and the Minister can then direct to whom the question shall go. Members cannot just ask questions of advisers.

Mrs HODSON-THOMAS: I refer to the fourth dot point at page 329, under significant issues and trends, which refers to an emphasis on schools providing more vocational educational programs for students and to students being able to earn course credits for studies undertaken in schools and colleges of TAFE. Obviously there will not be a duplication of services in that area. I refer also to the last dot point under major initiatives for 1998-99, which also refers to the vocational education strategy. Can you expand on that? Have we had any success in that area, or how do we rate?

Mr BARNETT: One of the important changes in education is the development of vocational courses; and from very modest beginnings a year or so ago, the department has a target, which is expected to be achieved, that by 2000 around 25 per cent of students will be in significantly relevant vocational programs, much of which will include a blend of post-compulsory schooling, some TAFE study and perhaps some paid work activities. One of the results of Local Area Education Planning will be a regeneration of some schools to place far greater emphasis on vocational areas.

[10.00 am]

Mr JARVIS: The State has been organised into clusters of schools and the principals are putting this program forward. We anticipate a dramatic increase next year in enrolments in vocational educational training programs across the State. That program is composed of structured workplace learning, typically for a day a week, a program which also has a day a week of training with a private provider or with a TAFE college, and three days a week at the school doing traditional years 11 and 12 subjects. Within four years we expect 6 000 students in years 11 and 12 to undertake vocational education and training programs defined in the way that I have described and significantly more to take courses which have component parts of vocational education and training but which do not meet that strict definition. The Education Department has a signed contract and business plan with the chief executive officer of the Department of Training, as does the Catholic education system. We anticipate we will meet our targets in that business plan and we will see a significant increase in the number of students in years 11 and 12 who are undertaking vocational education programs.

Ms VARDON: The Government has allocated an additional \$3.7m to vocational education and training together with some commonwealth funding. It is a significant expansion recognising the needs of some of our students at that senior level.

Mr BARNETT: A current review of compulsory education is focused on vocational education.

Mr RIPPER: We have established that the 1997-98 Education budget was almost \$50m out. That situation has been covered by emergency cost cutting and tolerating overexpenditure of \$20m to \$25m.

Mr BARNETT: No. The 1997-98 budget is currently \$14m over.

Mr RIPPER: And will be \$25m over.

Mr BARNETT: You said \$50m over.

Mr RIPPER: If that is added to the cost cutting which the director general has already engaged in, the initial budget is at least \$45m and possibly more out. We have established that.

Mr BARNETT: No, we have not. That is a most extraordinary piece of non-analysis. The budget is up to \$25m overspent; you cannot double it.

Mr RIPPER: You are engaging in bluster. It is up to \$25m overspent, but the Minister has also engaged in about \$21m of cost cutting which he did not expect at the beginning of the financial year.

Mr BARNETT: We always trim programs, and if it is not necessary to spend money, we reallocate the funds. That is a continuing task within a budget of \$1.25b.

Mr RIPPER: As the Minister interrupted my question, I ask him what sort of overexpenditure does he expect in the 1998-99 budget year?

Mr BARNETT: We cannot answer that at present, because it will depend very much on what comes out of the local area planning process. The member may immediately assume that will result in a flow in of funds. It is more likely that in the initial years that process will cost money in rebuilding school facilities. It is difficult to predict. We will endeavour to keep within the Treasury budget. It will be a tough call.

Mr RIPPER: Do you expect the budget target to be inadequate?

Mr BARNETT: It will be difficult to keep to it. We have not even started the financial year. We will endeavour to work within the Treasury budget.

Ms McHALE: I refer to page 336 and the performance measures that you have chosen to use to measure whether you achieve the output on secondary education. I express some consternation at the quality of those performance measures. You focus on information systems development and time lines. I would have thought a more appropriate performance indicator might be retention rates. Therefore, my question relates to the current retention rates as provided in the annual report of the department. I note that your comment when I have raised this previously has been about market forces. You have stated that children are leaving school because they are able to get jobs. My question relates to retention rates for Aboriginal students. There has been an overall increase in the retention rate since 1986 to about 1992, when there has been a gradual falloff. The retention rate, however, for non-Aboriginal students is much higher than it was 10 years ago, in 1986-87. However, while there has been a similar trend with Aboriginal students, the worrying feature is that their retention rates are almost back to the 1986 figures. There is a distinct difference in the trends which I do not believe is accounted for by the market forces of job opportunities. What will the Education Department do to address this worrying trend? We are failing our Aboriginal students.

Mr BARNETT: Retention rates are affected by the labour market. Nevertheless, taking those cyclical swings out, and as I have said publicly, if the retention rate is around 65 per cent to year 12 currently, it should be something around 80 per cent. I hope that the development in vocational courses will do more to improve retention. As far as Aboriginal children are concerned, about half a billion dollars has been spent on Aboriginal education since the 1990s. Despite that, Aboriginal children have not got the return in retention rates and achievement that we hoped for. That has been identified within the Government and the department as probably our most important priority. I wish we had the answer but a huge effort is being made to try to improve educational outcomes for Aboriginal children. The director general coordinates that.

Ms McHALE: Do any major initiative for 1998-99 address that point?

Mr BARNETT: There are a number of individual matters; for example, scholarships to bring Aboriginal teachers into the system, and providing career paths for Aboriginal education workers. Those things are occurring. There is a tracking system for children in a transient situation. The otitis media program has been a world leader. We are not getting results, and we have a long way to go. Similar views apply across Australia. I concede that education has failed Aboriginal people in this country.

Ms VARDON: It is a continuing initiative of the system, not simply a strategic initiative that we might start one year. Each year more than \$7m goes into initiatives directed at increasing retention rates. I am not talking about retention rates necessarily only at the top end of school but also retention rates in the early years of school which are critical for setting those habits of school attendance in families. I will ask Ms Kerr to go over our Aboriginal education program because some initiatives are innovative and they are beginning to show results. However, it is a slow process.

Ms McHALE: Perhaps Ms Kerr could tell me not so much about the initiatives but what are the results and justify what you have just said, because the retention rates do not justify that.

[10.10 am]

Ms KERR: Our retention rates are not good. As far as the post-compulsory area is concerned, a significant number of Aboriginal students in the 16 to 17 year age group attend TAFE and those TAFE figures are not included in the educational retention rate. Therefore, it makes a problem which is not good seem much worse than it is. No doubt there are significant problems with Aboriginal education. We are continuing to work on them. We see from MSE testing for Aboriginal students outcomes that they are about one outcome level lower than non-Aboriginal students, but they are making progress at a rate similar to non-Aboriginal students. It is the starting point that is of real concern.

The gap at the whole outcome level is quite significant. One of the ways that we are planning to pay attention to that, even more than we are currently doing, is through a strategy called "closing the gap". That involves trying to find out the things that have worked in schools as far as Aboriginal outcomes are concerned, Aboriginal retention, and to gather that information to ensure that it is used in all schools.

Ms McHALE: What are the positive results?

Ms VARDON: This is time-consuming and difficult work, but the initial results indicate that the teacher makes the critical difference for the whole issue of teacher training; and the teacher being adept in teaching practices, which are allied to Aboriginal culture, is the real answer for a large part of it. That is not just our research but also research elsewhere.

Ms McHALE: You said that there were positive results.

Ms VARDON: The results in the early years of schooling are positive in the sense that more students and families are more aware of the school services that are available, and the sheer tenacity of school principals in difficult areas where they find Aboriginal children and get them to come to and stay at school. I have moved around a fair bit in those schools. The long hours and days that teachers and principals put into the communities, working with children and bringing them in and teaching them, is incredible. I am talking about country areas.

Mr BAKER: I refer to the third point at page 329 concerning the Aboriginal education operational plan 1997-2000. What is the relationship, if any, between that plan and the Government's student boarding away from home allowance - particularly for Aboriginal students? Are many Aboriginal students in receipt of that allowance, either pursuant to the operational plan or the allowance scheme?

Mr BARNETT: Perhaps that question will be better answered under education services, which administers the boarding away from home allowance. The allowance was increased by \$100 in the last Budget after many years of no change. Perhaps we can return to that issue with some figures at a later stage.

Mr RIPPER: We have been advised that Aboriginal children are one outcome level behind non-Aboriginal children. Can that be put into lay person's language, and does it equate to their being a full year behind? The second question relates to the statement about preparing teachers for strategies required to successfully educate Aboriginal children. What effort is the department making to better prepare teachers for the situations they will face when posted to Carnarvon, for example?

Mr BARNETT: A cultural awareness program is in place. We are also working with faculties of education to ensure that all teachers in this State during their training, have some training and experience in the teaching of Aboriginal children. We will depend on the cooperation of the university sector. I am a lay person; so I cannot help with the outcome question.

Mr RIPPER: The concern in a town like Carnarvon is that teachers arrive - it is not a remote community school but there is a significant number of Aboriginal students - and must manage a difficult situation where the classes have a very significant number of both Aboriginal and non-Aboriginal students. The complaint is that teachers are not sufficiently prepared for that situation, and they learn as they go - to the detriment of everyone's education.

Mr BARNETT: I accept the point. That is well recognised. I agree that many new graduate teachers who have had no experience with Aboriginal people, find themselves in a community with many, if not a majority, of Aboriginal children. The teachers have had no cultural experience and they often face difficult situations with students and parents. That is being addressed. It relates to a range of issues. We are trying to keep experienced teachers in country centres to provide leadership.

Ms VARDON: In addition to those measures, before they are appointed to schools with a large number of Aboriginal children - and it does not need to be a remote school - teachers must have some training and some understanding of the problems and issues they will encounter. To address the specific issues in Carnarvon, Geraldton and other areas we have established an Aboriginal centre in Geraldton, which means that in line with our devolution of services some of the central resources that were once at East Perth are now in Geraldton. Those staff members, led by a person who was formerly at Edith Cowan University, are working with teachers specifically to intervene in some of the problems areas mentioned. We have placed additional support staff at Carnarvon, from the district office. I have kept in close contact with that area, particularly since the little boy killed himself. I refer the question of outcomes to Ms Kerr.

Ms KERR: The outcome level is based on the view that from kindergarten to year 10 there are eight outcome levels. An outcome level equates to one year to 18 months.

Dr CONSTABLE: I refer to page 331, early childhood education strategy. I seek clarification on a couple of points. What are the new entry and progression procedures and what will be the more flexible approach to class sizes? In practice, what will that mean, and what will be the cost?

Mr BARNETT: We have made a commitment to reduce class sizes where it matters, following a report by Professor Kutt at the University of New South Wales. We made a commitment to reduce class sizes in the early childhood years from 32 to 28 and then to 24. The flexible approach to providing resources, will mean that some schools may

choose smaller classes; others may decide to use the resources for support teachers or reading recovery programs, and so on. We want to allow flexibility for schools that may choose supplementary programs or additional staff rather than reduce the class size.

Dr CONSTABLE: What is the time frame for the reduction in class sizes?

Mr BARNETT: I think it will work through to the year 2002; it is over three or four years.

Dr CONSTABLE: Those classes are from kindergarten through to where?

[10.20 am]

Mr BARNETT: It is years 1 to 3. The figure will be down to 28 by 1999.

Mr HOME: By 2003 it will be 24.

Mr BARNETT: Given the number of students involved, 2003 is not far away and it is moving quickly.

Mr KOBELKE: I seek some assistance in understanding the presentation of the accounts. We may use page 334 by way of example, although a similar presentation is used in all seven output areas. The total cost of the pre-primary education output is listed less operating revenue. Does the operating revenue include commonwealth money?

Mr BARNETT: That is correct.

Mr KOBELKE: The performance measure at the bottom of the page refers to cost per unit of output. I read that as the cash cost of output per full time equivalent student. Is that correct? The figure is \$4.55m and the target is \$4.845m.

Mr BARNETT: I am not sure what was used as the enumerator in that calculation.

Mr KOBELKE: Do the calculations show the cash cost per unit of output divided by full time equivalent students?

Mr BARNETT: You are correct.

Mr KOBELKE: Why was that chosen? It seems to give a picture of how little the State Government must put in, rather than the more significant indicator; that is, the cost of educating each full time equivalent student.

Mr BARNETT: That comment could be applied more generally across the budget figures. Although a system of net appropriations has merit, the presentation of the budget figures would be assisted with gross allocation and a net appropriation shown. That is the member's point.

Mr KOBELKE: We have a gross figure as total cost of output. The performance measure used in the cost to the State is net cash cost per student. I suggest it would be more meaningful to look at the total cost. Is it possible to provide by way of supplementary information the total cost of output, say, from 1990-91 through to the current figures for each of the seven output areas so we can make necessary comparisons longitudinally?

Mr BARNETT: I am not sure that it is possible to go back that far on a consistent basis. However, I am prepared to take the question on notice. If possible, we will do so.

Mr KOBELKE: I go through annual reports and pull out the figures, but I may not do so on an equivalent basis. The Minister's officers may do that to compare like with like.

The CHAIRMAN: As the question seeks to go back a number of years, place it on notice. It is not reasonable for the information to be gathered in a week.

Mr KOBELKE: Is it also not true that in using the cost per unit output as cash cost, instead of total cost, a higher percentage increase is achieved? The actual cost per student indicates that inflation is not covered. Therefore, the real cost per student will fall, according to these figures.

Mr BARNETT: It depends on what one assumes will happen to both the enumerator and the denominator. I do not know whether the member's conclusion is right. The trend year in, year out is probably more indicative. I am not convinced that a different trend will emerge using either the gross or cash figure as they probably both move in the same direction.

Mr KOBELKE: Integral to that cost are increases in education staff salaries. As part of the agreement, when are staff salaries anticipated to increase, and by what percentage, through this period?

Mr BARNETT: An agreement was reached with teachers for two 3 per cent increases in increments earlier this year and early 1999.

Mr CARPENTER: I return briefly to the theme we were developing a couple of questions ago on Aboriginal education. Page 345, under the work in progress capital projects, miscellaneous, an allocation of \$1.8m is made for Aboriginal pre-schools, of which \$965 000 will be expended in the coming financial year. Is such a program being developed for Aboriginal primary schools as well?

Mr BARNETT: I am not sure to what the member refers. We are preparing to develop a systemic school for Aboriginal children within the system. Currently, some work is taking place to identify the most appropriate site for that school in the metropolitan area. Is that the point to which the member refers?

Mr CARPENTER: This is for new capital works. The question was whether it was planned to develop new schools which are essentially Aboriginal primary schools. You are considering converting an existing school.

Mr BARNETT: We may be converting or rebuilding - we do not know yet. It depends on the site chosen. However, it will happen.

Mr CARPENTER: Coolbellup Primary School in my electorate contains a majority of Aboriginal student in its population. Is that school being considered?

Mr BARNETT: That is one school among many that has been looked at.

Mr SWEETMAN: Regarding recurrent expenditure, new programs are needed at Carnarvon to handle some problem behaviour which the school has been unable to handle. When the principal and regional superintendent come out of the denial position, they will recognise a significant problem exists which requires a great deal of funding to fix. I refer to putting teachers into the region with specialised training to handle these students. The reality up there is that wearing a dress does not get the same respect. How can you train women to act like men to get the respect required? It is not only a matter of teachers being trained to handle problem students in Carnarvon and other regional centres, as it is a cultural problem. Generally, Aboriginal kids - not all of them - have a lack of respect for discipline in the school, and this is multiplied with a woman teacher.

In the current education system, one cannot find a man in schools apart from principals or deputy principals. The only men at the South Newman Primary School are the principal and deputy, and the other 22 teachers are female.

Mr BARNETT: Having sufficient males teachers in primary schools is a real problem. I accept what the member said about it showing up a lot in Carnarvon. Although much of the burden for solving the problems experienced by Carnarvon and other schools resides with the Education Department - the member does not imply this in his question - the issue goes far wider than only education.

We accept that we need to do something different with the appointment and training of teachers to deal with complex situations. I urge members of the community not to say it is only a problem for education to solve. We will not solve the problem unless other things happen throughout the community.

Mr SWEETMAN: The community is very supportive of the education system at the school. Some normality is needed at the school. The problems is that a stand off seems to be occurring between the Education Department and the community; namely, the parents and children of the school. Teachers are holding meetings, and the principal rouses the teachers if they are suspected of talking to the local member. I am trying to solve a problem in my home town of Carnarvon. I approach it from the point of view of the parents and children at the school. We aim to return to some quality of education and a safe workplace for teachers. The difficulty is that as we experience a bad stage, a couple of band aids are applied, but the same problem will re-emerge in six to 12 months' time. The predominant problem is with delinquent Aboriginal children. Thirty- five per cent of the students in the high school are Aboriginal. If you think that is a problem, 65 per cent are in one of the primary schools and 55 per cent in the other. An increasing percentage of children will become an increasing problem. It is not a race issue, but the reality is that the delinquent children are aged about 8 to 10 years and are really bad children who should not be at school.

[10.30 am]

Mr BARNETT: When you and I visited the area we were impressed with the Gecko program. Discussions are being held about using the Carnarvon school camp site to somehow deal with those children. Perhaps the solution is to have that small group of difficult children outside of the normal classroom. That is what the Gecko program was doing.

Ms VARDON: We are fully aware of the intricacies of the issues in Carnarvon. Resources from the district office are working with the school together with the people from the Aboriginal centre I mentioned. When I sat down with community members about a year or so ago when problems of a similar nature arose I was impressed with the huge amount of focus on the issues related to the Aboriginal community. People were determinedly working together. It is an interagency issue. The Departments of Health and Education and the Ministry for Family and Children's Services are working together to find additional resources to continue to try to solve the problem.

Mr SWEETMAN: The interagencies and key agency committees have been meeting for a long time to solve the problem. You were quoted recently in one of the newspapers as saying that this is a community issue and we need community involvement. The community accepts that but you must give us some definition as to the nature of that involvement. The community is very keen to be involved in whatever it takes to solve the problem. However, people feel frustrated and isolated in their attempts to deal with it.

Ms VARDON: I will undertake to visit Carnarvon as soon as possible and give it some undivided attention.

Mr RIPPER: A number of statements in the budget papers point to the need for significant professional development. I draw attention to the first dot point at page 329 where it refers to the Curriculum Council's curriculum framework outcomes and the standards framework. It states, "A paradigm shift in teachers' ways of teaching and assessing the effectiveness of that teaching will need to occur".

Professional development required for students at educational risk is referred to at page 330. Aboriginal educational operational plans will no doubt require some professional development. Reference is made to a need to modify the assessment regime to meet national reporting requirements for literacy and numeracy. On the basis of the information published in the Budget Statements there is a great need for investment in professional development. I have not even mentioned the subject of computers yet.

What amounts are allocated in this Budget for these important professional development needs.

Mr BARNETT: I agree there is a major need for professional development. A number of things have been done and are being done. Out of the 1996 wages agreement came a major component relating to professional development and clear acceptance by the teaching profession that that was part of teachers' responsibilities. In making that available with the formation of the Curriculum Council, \$1.5m is in the Budget for professional development on curriculum matters. Another \$5m is being provided by non-government and government schools. You will be aware that two or three weeks ago the Centre for Excellence in Teaching was opened in Fremantle. Professional development is being delivered. The demand in response to teachers has been positive. We recognise the need for PD in a range of areas such as cultural, technological and new curriculum. We are seeing a dramatic increase in professional development work in teaching, but there is still some way to go.

Mr RIPPER: The Minister referred to \$1.5m in the Curriculum Council budget. What amounts are in the Education budget to fund professional development?

Mr BARNETT: Schools have their own discretion. We increased school grants specifically to allow schools to fund professional development.

Mr RIPPER: Exmouth District High School has a professional development budget of \$20 000. It sent three teachers to Karratha for a three day course which cost \$5 000. That is 25 per cent of the professional development budget. I want to know that some money is available beyond what is in the school grant, which is already under pressure, for professional development. You do not seem to have a figure to give me.

Mr BARNETT: There is.

Ms VARDON: Each of our initiatives as they affect the work load and practice of teachers has a component of professional development money built into it. The students at risk strategy is one. Some of the new school structures that may emerge from local area planning may reveal that teachers need a different set of skills. A professional development component is built into those initiatives.

It is expensive to provide professional development to teachers in country areas if we do that in traditional ways such as flying them or sending them to courses where transport costs will be very high. One of the good aspects of the Centre for Excellence will be its capacity over time to deliver professional development to teachers in country areas as telecommunications improve. That work has begun. As well as accessing funds from school grants, from time to time, through some of its strategic initiatives, the centre to which I referred gives additional funds for teachers to travel. For example, I recently wanted some of our heads of department to travel to other States to see how we could reconfigure a school staffing profile so that they could start talking to one another and breaking down some of the territories. We provided the money for that from central funds. It is a mixture of central and local funds, and some of the money we mentioned which goes to district officers is specifically for better professional development for teachers provided by the district office. The funds do not come from only the school grant forcing funds to be stretched.

Rather than at great expense flying a small number of people somewhere I prefer that teachers access the school grant to bring in somebody for professional development which will involve the whole staff, or provide it through a joint venture with the district office.



Ms KERR: The amount of \$935 000 has been allocated to the district office to support the implementation of the students at educational risk strategy. As part of curriculum improvement, \$1.2m is for PD. Basically that is our matching of what we expect to be our share from the Curriculum Council's \$1.5m. Our expectation is that government schooling might receive \$1.1m of that. That will be dealt with elsewhere. We are hoping to match that further with about \$1.2m or \$1.3m for PD. We are transferring something in excess of \$1m to district offices to support the curriculum improvement program. \$1.2m is going to schools from this budget. There is our share of the Curriculum Council's funds and \$935 000 is going to district officers for students at educational risk.

[10.40 am]

Mr RIPPER: Can I have that clarified? I am unsure whether there were two lots of just over \$1m going to schools.

Ms KERR: Yes, there are two.

Mr RIPPER: Could we have as supplementary information a full analysis of the amount of money?

Mr BARNETT: We will document for you, broken down into various categories, the total spending on professional development in its various forms. I accept what you say; it does come from a number of different sources, but it is significant.

Mr RIPPER: I am particularly concerned about the professional development for the computing initiative, which is described in the budget papers as capital spending, whereas professional development would normally be seen as coming from recurrent funding. The expenditure on computers will not return a proper reward if we do not invest in training an ageing teacher work force in computing literacy and the educational strategies which they can apply as a result of the presence of the computers.

Mr BARNETT: The \$80m for computers has been recorded as a capital item because most of the expenditure will be of a capital nature. We have yet to determine exactly how that money will be spent but it will certainly include technological support, which has already been raised, and a significant amount of expenditure on professional development.

Mr RIPPER: Will it also include expenditure on curriculum development, so that the computers are integrated into the overall work of the schools?

Mr BARNETT: I do not know whether that is intended. It is a huge amount of money and it will not be spent merely on buying boxes and boxes of computers. The idea is to integrate it, make sure that they are used properly and that their use blends into the curriculum. We cannot put a figure on it at this stage, but there will be very significant spending on professional development.

[11.00 am]

Dr CONSTABLE: My question follows questions asked last year on sponsorship. Have the guidelines relating to sponsorship for schools been finalised? Are schools required to account for the type and monetary value of school sponsorship so you can monitor the compliance within those guidelines? Can you give some idea of the monetary value last year? Do you expect to see that grow, and, if so, in what direction?

Mr BARNETT: School sponsorship is specifically addressed to the new education Act which will be supported by the regulations covering it. I expect school sponsorship, arrangements, partnerships and compacts to continue to grow and I hope they do.

Mr JARVIS: The relevant amounts of money raised are small, as we thought.

Mr BARNETT: At this stage, schools officially do not have sponsorship. Some schools have received donations of equipment from computer companies and so on. Not until it is legal under the new Act, and not until the draft interim policy, which I think we have tabled before which will become the basis for regulations under that Act, will schools officially be doing anything about seeking sponsorship or having sponsorship.

Mr RIPPER: Page 341 of the budget papers deals with the financial statements of the Education Department and includes an item of operating revenues, user charges and fees of \$27.4m in 1997-98, and \$27.9m in 1998-99. Is this the total of money that is collected by schools from the fees which they charge students? Is that what this amount represents, and if \$27.9m is not the amount, what is the amount?

Mr McCAFFREY: That reflects school fees and charges and other departmental revenue including fees for camp schools, agricultural schools, and senior colleges; therefore, it covers the whole range. It is just a reflection of the current fee structure adjusted for growth, demand and usage.

Mr RIPPER: The amount does not vary much in the forward estimates. However, if school fees are to increase as predicted by the recommendations of the school charges panel, will this amount of \$27.9m grow rather than remain fairly stable as it does in the forward estimates?

Mr BARNETT: That critically depends on what is recorded here. I was surprised - perhaps others were also - that the committee to which you referred indicated that most schools were charging \$40 or \$50 fees or charges one way or another at primary school level, whereas the formal policy states it should be a maximum of \$9. That has not been adhered to for years and is a nonsense. I suggested a figure of \$30 might be realistic. Most schools are charging in excess of that already and have been for many years. I do not know whether schools have simply recorded what is the formal \$9 or recorded the actuals; I hope they have recorded the actuals.

Mr McCAFFREY: These are based on actual returns that we have received from schools and based on their revenue collections, depending on how their collection rates are on a school by school basis, so they are our aggregated figures.

Mr RIPPER: I am interested in the total amount of private funding of our government school system. User charges and fees are one element, and sponsorship and advertising have just been referred to by the member for Churchlands. Very little is received by schools from sponsorship and advertising. Another area whereby schools might receive money is through asset sales, donations and fundraising. Where in the budget papers would we find the amounts raised by schools through sponsorship and advertising, asset sales, donations and fundraising?

Mr McCAFFREY: The school fees and charges are kept at the school site as they are collected and not reflected in our appropriation statements. They are reflected in our operating statement which picks up school based operations as well as the appropriations through this House. If you would like an indication of the magnitude, I have the 1997 end of financial year report from schools in an aggregated sense.

Mr RIPPER: I would be interested in that.

Mr McCAFFREY: A large proportion were school grants in the order of \$100m. The grant for agricultural purposes was \$129 000; student fees and charges were \$27.4m as indicated in the estimates; trading income - this would be from bookshops and canteens - totalled \$46.8m; interest that they accrue from having their grants in some sort of investment until they are used was \$3.8m; and there would be other miscellaneous receipts including donations and P & C association contributions in the order of \$11m. They had an opening balance at 1 January 1997 of approximately \$28m. That would give about \$149m as an income for the school system exclusive of staffing costs which are paid centrally.

Mr RIPPER: Would all P & C association fund raising be reflected in that \$11m? If the P & C association raised money and bought an air conditioner for a classroom or bought a computer for the school, would that be reflected in your budget figures for schools?

Mr McCAFFREY: It is hard to say because if it was made as a contribution in the form of an asset -

Mr RIPPER: If it buys it and gives it to the school -

Mr McCAFFREY: It is recorded in the school accounts as an asset for depreciation and other insurance purposes. Some schools take the machine and then show it as a receipt and also as an expense. Other schools would take it and include it in their asset registers. There is a mixture and it is very difficult to answer that accurately without looking at this on a school by school basis and checking on it. We would expect them to bring those assets into their school bank accounts at the value at which they are provided.

Mr RIPPER: It seems to me that we do not have an accurate figure for the amount which parents generally contribute through fundraising and donations to school. Is that right?

Mr BARNETT: No, it probably never will. Much of their assistance may be in kind. A donation of equipment or something from a parent in a business may suddenly be made available to the school. The amount parents contribute in cash form is probably accounted for. P & C associations are incorporated in their own right and told to do their own thing. The fact is that, if parents, businesses and communities are contributing to government schools, it is a good thing. One would only be able to say there is something wrong if real per capita income from the Government declined. The fact that it is increasing very strongly means that government support for government schools is going up in a real per capita sense and the community is also contributing. It is desirable. I strongly advocate greater parental, business and community support for government schooling.

Mr RIPPER: The judgment might be that they think the Government is not supporting the system to the extent it requires!

Mr BARNETT: That would only be because the Opposition tells them that.

Mr RIPPER: I think they are voting with their wallets.

Mr CARPENTER: Can you give me a definition of "fee" as per the budget paper?

Mr BARNETT: A fee would be as defined in the new education Act. It would be an amount paid for education. However no fee is paid for education or access or participation in schooling. The new education Act makes a clear distinction between fees and charges and says there is no fee for education, but schools may impose a charge and will set a maximum level for that which will essentially cover consumables within the school.

[11.10 am]

Mr CARPENTER: I find it quite remarkable that the Minister should say that. He also said it to me in the Chamber when I raised the matter of fees. He said there were no fees.

Mr BARNETT: That is right.

Mr CARPENTER: The budget paper says "user charges and fees".

Mr BARNETT: Yes, because I am talking about the new education Act. This has been a source of confusion for years, which is why the new education Act makes a clear distinction that there is no fee for education. There is a charge for consumables that parents are required to pay and that will be against a maximum but determined figure at the school level. As much as the member for Willagee may wish to try, he will not win this argument.

Mr CARPENTER: There is no question that I do win the argument. It is described in the budget paper as "user charges and fees" and the Minister is saying there is no fee.

Mr BARNETT: I suggest the member for Willagee read with some care and comprehension the new education Bill which will address an issue that has caused confusion for some years.

Mr CARPENTER: It is not surprising there is confusion if that is the response from the Minister.

Mr RIPPER: Members will get a clearer understanding after our amendments.

The CHAIRMAN: Members, I remind you that this is not a forum for interjections.

Dr CONSTABLE: I refer to page 296 of last year's statements where five evaluations were proposed for 1997-98. Have those evaluations been completed? If so, can copies of the reports or summary of results be provided? In previous years when evaluations have occurred, the results were provided in the budget papers.

Mr BARNETT: Could the member be more specific?

Dr CONSTABLE: The first evaluation is school based selection of staff; has that been completed?

Ms VARDON: As a general answer, yes, our program for evaluation has been very thorough and most of those areas have been covered.

Mr HOME: The evaluation on school based selection of staff has not been completed. A number of reports have been received from the consultancy organisation engaged to conduct that evaluation, the reason being that a relatively low number of schools undertook local merit selection.

Dr CONSTABLE: How many?

Mr HOME: At the moment there are 75 to 80. Initially there were 65. It was anticipated there would be more. Because of the relatively small number, the teachers' union, the department and the administrative associations accepted that it would be difficult to conclude an evaluation within the originally foreseen time, therefore it has been a little more protracted. However, an evaluation will be concluded this calendar year.

Dr CONSTABLE: The next evaluation is Aboriginal literacy programs.

Ms KERR: That information is not yet complete. Through the MSE testing we do know something more from the 1997 testing on Aboriginal literacy outcomes. However, the actual evaluation of the program is not yet complete.

Dr CONSTABLE: The third evaluation is school development planning.

Mr JARVIS: The next two are nearing completion and will be concluded this calendar year.

Dr CONSTABLE: The last item is maintenance of school buildings.

Mr PARR: A review has been undertaken. It involved monitoring expenditure for the entire year. The review is completed and has been submitted to the director general and the Minister. The report has not yet been submitted. It is due by 30 June.

Dr CONSTABLE: Will that report be made available?

Mr BARNETT: I have not seen the report. I see no reason why it would not be made available. However, I reserve my decision until I have read it.

Dr CONSTABLE: What evaluations are planned for 1998-99, given that some of these are carrying over? Is there a list of evaluations or new evaluations that we can expect to be done?

Mr JARVIS: Yes. I do not have them with me.

Dr CONSTABLE: Could we have that as supplementary information, please?

Mr BARNETT: Yes.

Ms McHALE: My questions now relate to the maintenance program, in particular to page 344, capital works program -

Continued funding to support the maintenance program in schools and the acceleration of the asbestos cement roof replacement program.

To continue -

Other projects such as administration upgrades, library resource centres, toilet replacements, education support centres . . .

In preparation for the Estimates Committees, I spoke with a number of parents and citizens' associations in the electorates to find out what significant maintenance programs they had. I wish to deal with a number of specific projects and I would like some feedback on them. As a general opening comment, can the Minister tell me what the budget provision is for 1998-99 as compared with 1997-98 for the continued funding to support the maintenance program, in particular the asbestos cement roof replacement program; and can he be specific in relation to the toilet replacement program?

Mr BARNETT: The total maintenance budget is \$51m, which the member's colleagues will be able to confirm. It is a very substantial increase from the 1980s when it got down to less than \$20m.

Mr RIPPER: How does that compare with 1997-98?

Mr BARNETT: 1997-98, \$51.1m; 1998-99, the same, \$51.1m; 1999-2000, \$51.4m; 2000-01, \$51.6m. They are very small increases but we are consistently maintaining the maintenance budget in excess of \$50m, which is reducing the backlog, which when this Government came into power was \$26m. We have done an anecdotal observation, visiting and talking to those at schools. They have been delighted with the amount of expenditure currently being undertaken. The expenditure on the asbestos roof replacement program for 1998-99 is \$1.9m, 1999-2000, \$4m; 2000-01, \$4m; 2001-02, \$4m. In each case all asbestos roofs will be replaced.

Ms McHALE: Is it possible for me to raise a number of specific maintenance issues relating to schools to get some comment?

Mr BARNETT: Yes. However, I do not guarantee we could answer them immediately, but I will try.

Ms McHALE: This question relates to a toilet replacement at Lynwood Primary School. The P & C association tells me that the problem is that the pedestals are too small and they have problems with older children looking over. Therefore, the children do not go to the toilet during the school day, preferring to hold on until they get home. This is causing both health and emotional problems. The P & C association has spent \$708 to extend the walls and the doors but, understandably, it believes the Education Department should undertake this work. Can the Minister comment on whether the toilets at Lynwood Primary School will be upgraded this year or, if not, when?

Mr BARNETT: I will ask Mr Malcolm Parr to comment on that, but there is a special toilet allocation program where funding will be available to replace old toilet blocks.

Mr PARR: In the forthcoming year \$1.2m is appropriated for the upgrade and replacement of toilet facilities in schools. The specific schools to be affected in the forthcoming 12 months have not been identified. We will liaise with district officers in the coming weeks and months to ascertain the priorities; Lynwood Primary School will be considered at that time.

[11.20 am]

Ms McHALE: Perhaps, Minister, I should invite you to visit the toilets with me, boy and girl together. Can the Minister confirm the P & C association's advice that the asbestos roof of the Ferndale Primary School is scheduled to be replaced during the Christmas holiday period, 1998-99?

Mr PARR: The details of the program have not been finalised. Ferndale Primary School's roof will be considered.

Ms McHALE: When will the details be finalised?

Mr PARR: That will be towards the end of August. The major period during which this work is undertaken is the October, Christmas and April holidays, when the sites are vacant.

Ms McHALE: With computerisation the already inadequate administration area of the Ferndale Primary School is becoming even more of a problem. Is there any intention to upgrade that area?

Mr PARR: As with the other two schools to which the member referred, \$2m has been allocated to upgrade school administration facilities. Consultation will take place with the district office in the coming weeks to ascertain priorities and to frame a program. Ferndale Primary School will be considered in that context.

Ms McHALE: For the record, according to the P & C association, the Yale Primary School has the same problem and requires an administration area upgrade of \$250 000, so your response will be the same. Where does oval resurfacing appear in the budget?

Mr PARR: That has two aspects: The top dressing of ovals, which is included in the distribution of funds to schools via the school grant; and the more general area of ground development, which is in the capital works program.

Mr BARNETT: Also, a reticulation program has just been introduced which is important for maintaining the standard.

Ms McHALE: The P & C association at Forest Crescent Primary School has informed me that the school oval and grounds are in desperate need of upgrading. It is a joint facility with the council that was originally built to cater for 450 students and there are now 800 students. The P & C association fears that school sports days may need to be cancelled because of the poor condition of the oval. Do you have a comment that I can relate to the P & C association?

Mr PARR: The ground development program for the coming period has not been finalised and consultation will take place with the districts to assess priorities.

Mr BARNETT: The director general or I will be pleased to visit Forest Crescent Primary School.

Ms McHALE: I will put on record that the P & C association of Forest Crescent has informed me that the administration block is in need of an upgrade. Yale Primary School has problems with its reticulation and shade and it is estimated that will cost about \$25 000 to rectify. Can the Minister comment on that?

Mr BARNETT: With respect, the questions are specific to individual schools, and it is proper that the member would promote the cause of those schools. If there are a number of issues in the member's electorate, I will be happy to look at them, as I will for any other member of Parliament. Most of these elements fit within broad projects or subprograms which will be released progressively over the next few months. There is a broad allocation to the various types of school maintenance which is then determined on a merit basis.

Ms McHALE: I will invite the Minister to visit these schools and perhaps if I write to your CEO I might get a formal response.

Mr BARNETT: Yes.

Mr CARPENTER: More generally on that same point and the asbestos program, I was surprised to hear that no program had been drawn up given the specific sum set aside in the budget of \$1.916m. Is that amount of money allocated and then the program drawn up to fit the sum?

Mr BARNETT: The asbestos program is an ongoing program. It is currently running ahead of time and budget. Every year an allocation is made to meet the target of replacing all asbestos roofs by 2002. That is the amount within the total budget. The department then goes through to ensure that the allocation is expended on the highest priority cases. An amount of money is available for the asbestos program; the schools are identified and contracts are let. Generally the work is done over the summer period.

Mr CARPENTER: I would have thought it was more likely there would be an indication of what it would cost to reroof individual schools and this figure would be related to a collection of those individual schools?

Mr BARNETT: No. The department has a pretty good idea of which schools have the highest priority. The cost of the asbestos removal program has been below what was anticipated as the industry has developed expertise in handling schools.

Mr CARPENTER: Is there a provisional list of schools for the coming financial year?

Mr BARNETT: There will be. The list of schools is ranked according to priority for the asbestos program. Roughly \$2m has been allocated and we will shortly announce which schools will be done this year.

Mr CARPENTER: Will that list be provided by way of supplementary information?

Mr BARNETT: No. It will be publicly announced when it is determined.

Mr CARPENTER: On page 341 there is a figure for net profit on disposal of non-current assets. Is that for the sale of land and buildings?

Mr BARNETT: Yes, it is primarily for surplus land.

Mr CARPENTER: The figures have gone from \$1.699m net profit in 1997-98 to an estimated budget return this year of \$307m; next year it will be \$400m and no amount is allocated after that. Can we read from that that the sale of assets will be completed by the end of next year?

Mr BARNETT: No, you cannot. That is an ongoing process. Progressively schools look at their property and may decide they have excess land. Many properties are held by the Education Department and are not used currently for schools. The district offices are continually reassessing property.

Mr CARPENTER: Therefore, the zero figure is because an estimate has not been made for that far out. The budget estimate for 1998-1999 of \$307m is quite specific. Can you provide supplementary information on how that figure is constituted? Does the \$400m for the next financial year include Melville Senior High School?

Mr BARNETT: We can provide a breakdown of those figures. Melville Senior High School would not be included in that figure because as local area planning looks at the Fremantle area some decisions may be made about Melville. However, that has not started yet.

Mr RIPPER: While we are speaking of maintenance and upgrading issues, has the Education Department refurbished and restructured office accommodation for directors and senior officers in the Education Department and, if so, at what cost?

Mr BARNETT: There has been some refurbishment.

[11.30 am]

Ms VARDON: The objective of that program was to provide suitable accommodation and to complete what was started at the other end of the building following the realignment of the central office after the refurbishment of the district offices.

We have squeezed into smaller spaces, which are being refurbished. The issue revolves around occupational safety and health as we had carpet on the walls and dust in the air caused respiratory problems for staff. Refurbishments will continue. It is cosmetic in the main with shifting petitions, taking carpet from the walls, painting and other such matters.

Mr MANCE: As part of the realignment of the organisation, \$4.87m will be spent across the State on office rearrangements and fit-outs, including technology. Of that, \$3.77m will be spent in districts and \$1.1m on the realignment of the central office.

Mr RIPPER: Is the money spent in head office entirely in the area occupied by senior executive officers?

Mr MANCE: The senior executive office is not included in those funds, which are for the realignment. The executive area has been fitted out to take the carpet and improve security. It caters for the director general's office and support staff. Some four executive directors, seven secretaries and professional assistants are included in the total. The cost is \$288 000, for which I have the breakdown of expenditure.

Mr RIPPER: Can we have that?

Mr MANCE: Rounding off the figures, the cost of preparation and preliminary work was \$9 000; demolition, \$5 500; security, \$16 600; blinds, \$4 300; carpentry, joinery and furniture, \$90 000; hardware, \$2 000; electrical, \$44 500; mechanical services, \$39 400; fire services, \$3 000; ceiling works, \$6 700; plaster, \$40 000; tiling, \$1 500; screens, \$4 600; carpet, \$2 464; glass work, \$12 000; and painting, \$6 600.

Mr RIPPER: Is that the breakdown of the \$288 000?

Mr MANCE: Yes; it is for the executive area.

Mr RIPPER: Why has the budget allocation for the replacement of asbestos roofs been halved?

Mr BARNETT: It has not been. There is a four-year program to replace all asbestos roofs. We are ahead of time, and ahead of budget. We will achieve it by 2002-03.

Mr RIPPER: Nevertheless, this year's allocation is less than last year's.

Mr BARNETT: Work is continuing and we are ahead of timetable. We will meet our target to achieve it in four years.

Mr McGOWAN: For every school?

Mr BARNETT: Every asbestos cement roof in every school in this State will be replaced.

The CHAIRMAN: We have discussed ad nauseam the new Carey Park primary school and the siting difficulties. Page 345 of the budget papers indicates a provision in capital works of nearly \$5m for the new school. However, the estimated expenditure in 1998-99 is only \$1.4m. I understand that such matters are budgeted in this way and, if necessary, work can still proceed in this coming financial year. It does not necessarily mean that works will necessarily stretch over two years. I seek clarification in that regard. If the school can be built in 1998-99, and the necessary negotiations secure a site, can the school be completed in the next financial year?

Mr BARNETT: The Government's record is that, when a decision is made to build a school, and a site is found, it builds the school quickly. Problems have arisen with Carey Park. As it is important to you, Mr Chairman, being in your electorate, it is important to me as the current local school was one of the first schools I visited upon assuming this portfolio and I made a commitment to the community that a new school would be provided.

Mr JARVIS: It is intended to proceed with construction as soon as the site is acquired.

The CHAIRMAN: Therefore, the budget provision does not necessitate the school being built over two years?

Mr JARVIS: No.

Mr BARNETT: The objective is to have the school opened mid to late 1999.

The CHAIRMAN: In relation to construction programs for new schools, both primary and secondary, often in newer areas of significant population growth, schools are built in initial stages of residential development. Frequently a couple of years after the school is built, traffic problems emerge around the school. When a school is built, a traffic management plan is often not designed by a qualified consultant or whoever to ensure that such problems do not arise. Regarding the budget allocation to Carey Park, and generally with new schools, is it Education Department policy that it will start providing comprehensive traffic management plans for new schools, perhaps in conjunction with local authorities?

Mr BARNETT: There was a period in which a number of schools were built in awkward locations, such as in cul-de-sacs, which presented problems in subsequent years. I am impressed by the way new schools are planned and the consultation which takes place with local authorities.

Mr JARVIS: It is a normal part of the procedure to liaise with local government authorities at the planning stages of new schools to ensure that traffic management problems in the vicinity are minimised. That is definitely the case with Carey Park.

The CHAIRMAN: Does, or will, the Education Department require a comprehensive traffic management plan for each new school?

Mr BARNETT: Not necessarily.

The CHAIRMAN: If a private developer wished to construct a facility which had implications for local traffic management, as a school does, that developer would be required to provide a traffic management plan, invariably at his expense, albeit in conjunction with the local planning authority. This is a matter of interest wherever a new school is built. I have an interest in the Carey Park line item to ensure that traffic considerations are taken into account properly through a traffic management plan.

Mr BARNETT: I am not a Minister who is rapt in having studies commissioned on every issue that comes along. We deal with them on merit. If traffic problems arise around Carey Park, and the local authority believes it to be the case, we will work with it. If a study is needed, it will be undertaken. As a matter of course, I am interested in

spending money on children and education, not on a plethora of studies. If the Carey Park site is having problems, we will address them.

The CHAIRMAN: Funding for a new school at Eaton is not mentioned in the general capital works budget on pages 344 and 345. The Minister is aware that the local community is involved in the consultation process and is favouring the construction of a middle school. The local area planning process is under way in the greater Bunbury area, and consequently any decision to fund a new school at Eaton, particularly a middle school, has been put on hold pending the outcome of the process. I seek clarification on why not even a preliminary allocation is made for a new school at Eaton in this capital works budget?

Mr BARNETT: We are not about to pre-empt what will arise from the process of community consultation in Bunbury. I stress that in cases of rapid growth in population, particularly relating to primary schools, as a Government and a department, we have moved quickly. Schools such as Atwell, Ranford and Mindarie are examples of schools being fast-tracked to meet rapid population growth.

Where we have time, and there is a planning process to go through, that will go through. We will not pre-empt it. Although these are very detailed budget papers, members should not assume that there is no high degree of flexibility in the way our funds are allocated. They have only to look at the past two or three years to realise that.

[11.40 am]

The CHAIRMAN: The main point I was alluding to, Minister, was that there is no reduction in your or the Government's commitment to building a new school in Eaton.

Mr BARNETT: I have not committed to building a new school in Eaton.

The CHAIRMAN: That is specifically related to a school in Eaton?

Mr BARNETT: I have said that where a need for schools is demonstrated, we will build schools to meet that need.

The CHAIRMAN: In relation to improvements of parking facilities for schools generally, the Australind High School, as one of your advisers is very well aware, is due to have a major upgrade of its parking facilities in the near future. Where in the budget papers is that sort of provision provided for?

Mr PARR: New works are on page 348 at the fifth line item from the top which refers to ground developments.

Mr CARPENTER: On a point of clarification about a question I asked some time ago on the disposal of non-current assets, did you say that I could have a list of those assets listed for sale in the 1998-99 and 1999-00 budgets?

Mr BARNETT: No, I doubt that we are in a position to do that because in many cases decisions may not have been made yet. We can certainly provide you with details of assets that have been sold or are in the process of being sold. We do not have a list. These are generated from within schools in many cases.

Mr CARPENTER: You do not have a list but you have an expected return of \$307 000.

Mr BARNETT: They would probably be projects under way where schools have approached us about selling assets or the Education Department has identified a school site or some other school property which is not needed. We can provide details of those but I cannot go into the future because those projects have not eventuated yet.

Mr RIPPER: Why are schools being prevented from spending on flowers and newspaper notices when members of the school community have suffered bereavements?

Mr BARNETT: I think you are referring to a specific case. My attitude would be that there needs to be a bit of common sense in management. I regret that issue got publicity, but I will ask the director general to comment on it.

Ms VARDON: The first memorandum that went out to schools from a particular area of the department was a little too draconian in its intent. That has been replaced with a subsequent memorandum.

Mr RIPPER: What does the subsequent memorandum say?

Ms VARDON: It says to use common sense and judgment and to care for the community and that showing appropriate sympathy through flowers and bereavement notices is a very sensible thing to do.

Mr RIPPER: Is there provision in the budget or are schools allowed to spend school funds to reward and thank the thousands of people who volunteer to work in schools? Is there, as I have been told, a prohibition on spending school funds on having a modest morning tea to thank parents who have assisted the teachers?

Mr BARNETT: Again it comes down to common sense.



Ms VARDON: It is a matter of common sense and judgment for the principal. There have been a couple of instances where it has been a bit over the top. We have said, "Pull right back on that." Modest amounts for morning and afternoon teas, provided people are very careful, are appropriate. People must use their judgment. As I have said, occasionally it has gone a bit over the top in my view and we have said, "Do not do that."

Mr RIPPER: My impression from schools is contrary. I have been told that schools are not to spend money on those items that we have just agreed should be covered by commonsense.

Ms VARDON: Some of them may say that because we may have differing views on commonsense.

Mr BARNETT: To some extent, those rules, if they are taken too literally, lead to unfortunate outcomes. At the same time, what we regard as commonsense is one thing. It is very common for parents and members of the community to complain about what I would regard as quite trivial things and put the school administrators in a difficult position. We try to balance it and leave it up to senior people at the school level.

Mr SWEETMAN: The fourth dot point on page 329 deals with vocational education programs. In regional Western Australia and in towns that have schools which go through to year 12, it is particularly difficult for children to do their work experience for whatever vocation. To help them to focus on what they want to do, they really need to get out of that environment. The situation has been highlighted by what happened in Newman. Last year a young fellow got a tertiary entrance examination score of 385. He is currently doing an apprenticeship with BHP. He could ultimately end up running BHP. If one were a BHP shareholder, one would probably say that he could run it now! Ultimately his ability will make room for him. If we could get those children to do their work experience in the city, it would broaden their horizons. It is similar to Country Week when children come down from the bush. It gives them an entirely new perspective on life. If children left the country for years 11 and 12, even if they did years 9 and 10, they would still get an aircraft trip back home at the end of each term. Those children need the option to spend their work experience time in a capital city in a variety of locations, simply to help them focus on what might be their final vocation.

Mr BARNETT: I agree with the sentiment.

Mr JARVIS: We do not have a budget which would entitle every student who does structured work based learning to a free trip with accommodation in Perth in order to undertake that structured work based learning. However, many do. They raise the money through the community, parents and local sources. We do not have a budget allocation which will enable us to tell all students who undertake structured work based learning that they can come to Perth and the department will cover the cost of their airfares and accommodation.

Mr KOBELKE: Is the commonwealth funding of these vocational training programs in schools covered in this budget?

Mr BARNETT: There is a mix of commonwealth and state funding. State funding is about \$3.7m.

Mr KOBELKE: Will you indicate where it is in the budget and its quantum?

Mr McCAFFREY: A small element of the VT funding is in our special projects funding, which is shown in the revenue at the end of the book at page 349. The big VT program that is being organised through the Commonwealth involves one of my officers and one of Mr Jarvis' officers on a working party looking at options of delivery models. We have not been notified as yet of the allocation and so it has not been included in the budget allocation.

Mr KOBELKE: Will that go from the Department of Training to the Education Department?

Mr McCAFFREY: I am not 100 per cent sure of the funding arrangements. I thought that was to happen, but again it would depend on how the Federal Government wanted to pass over that money to the States.

Mr JARVIS: There is a sum which is part of a business plan over four years which comes through the Department of Training.

[11.50 am]

Mr McGOWAN: Next week, Minister, you are coming to my electorate to have a look at a range of schools. I appreciate the fact that you are making the time available next week. Each of the primary schools at Charthouse, Kwinana and East Waikiki has between 900 and 1 000 students. I heard mention earlier of a program in place, under which consideration is being given to building schools in Atwell and Mindarie. I heard the Minister say on a television program the other night that the South Ballajura Primary School has something like 800 students. What priorities are attached to a new school in that area to take into account that enormous number of students? Will the Minister advise me by way of supplementary information which primary schools around the State have school populations of that size?

Mr BARNETT: That question should be asked on notice. As to the schools mentioned in that area, I am reluctant to comment because I have not visited them all although I have been to one or two of them. I share the member's concern about the pressures on schools in areas that are not high socioeconomic areas. I am happy to look at those schools, and I will comment after I have done so.

Mr RIPPER: I refer to country incentives. When I visited Carnarvon I was told that the Carnarvon Primary School started this school year and the last school year without a full complement of staff. I have seen a copy of a letter from Newman parents to one of my colleagues indicating that all the schools in that town have trouble finding staff. How many schools started this year without a full complement of teaching staff and how many are expected to start the 1999 school year in the same position?

Mr BARNETT: Clearly, there are problems in staffing some schools and getting the right mix of staff. There is also the issue of permanency or staff staying at the school for a certain period. The allocation in the budget for country incentives is \$13.9m, which is an enormous amount to try to address the issue of staffing country schools. The Government is treating it very seriously.

Ms VARDON: The country incentives issue has been thoroughly canvassed and well researched, and a couple of models have been developed to make best use of the money available. I will ask Steve Home to comment on progress, together with the elements of the package, because those are the contentious issues. Individuals' needs differ.

Mr HOME: I will provide as supplementary information the number of schools that started the 1998 school year without a full complement of staff. It is not possible to predict the likelihood or reality for the 1999 school year. It is not unusual at the beginning of the school year for vacancies to arise that had not been anticipated. Many teachers withdraw their applications for work at the very last minute. Sometimes those vacancies are a consequence of people making those decisions at the eleventh hour, and sometimes they are a consequence of schools not being attractive locations.

The country incentives package is still the subject of negotiation with the State School Teachers Union. Talks have been taking place for 12 to 15 months about the construction of a package to increase incentives for people to go to country locations. The funding that has been provided by the Government for country incentives will be used to focus on schools, not on a geographic basis, but on the basis of staffing problems. That is one of the ground rules the committee is working on. The committee is well advanced in its work, and it is talking about wrapping up existing allowances, presenting them in a different way and adding that \$13.9m to allowances and salary packages for particular schools.

The country incentives will not be a solution to some of these problems. Some of the reluctance of teachers to go to rural schools will not be addressed by that money. The department is looking at other options including permanency, rights of return and so forth. The Equal Opportunity Tribunal ruling last year has raised concerns among school administrators in country areas because the previously effective guarantee of an eventual return to Perth based on seniority has been removed, and these people must secure positions in the metropolitan area, if that is what they want, on the basis of merit. We are continuing to work on the merit processes, and we are also talking to the administrator associations about providing assistance to people to properly present their cases for merit selection to different placements.

Mr RIPPER: I understand the \$13.9m is a four year commitment. What amount is allocated in this year's budget?

Mr BARNETT: Yes, it is a four year commitment and \$2m is allocated this year.

Mr RIPPER: I raise a particular case and ask how the department proposes to address cases such as this. I have been contacted by a deputy principal female who is in the second year of her appointment. She was appointed under the old system and would have been eligible to apply for a transfer back to Perth at the end of next year. Her family is temporarily separated; her husband is living in Perth and she is in a country area. Now, as a result of the decision by the Equal Opportunity Tribunal, she does not have a guaranteed right to return to Perth - at least she cannot be transferred back but must win a position on merit appointment. Also, she is caught by the fact that, as a result of local area education planning, there is an expectation that a significant number of redeployees must be placed in Perth and much of the merit transfer to Perth will be frozen. There are rumours that all positions in the Peel district, for example, will be quarantined and people cannot be transferred or promoted into that district from outside. That is a significant disincentive. When people hear about those cases, they are reluctant to take a country appointment. They might like to work in the country area for a reasonable tour of duty, but if the decision might be the last locational decision of their career, it can be a significant disincentive. The department must either come up with bucket loads of money or make other arrangements to provide a fair share of teaching talent to the country.

Mr BARNETT: The decision by the Equal Opportunity Tribunal has created a serious problem in trying to staff

schools, bearing in mind the geography of this State. To put the matter in some balance, I ask the director general to explain some powers she has in these matters.

Ms VARDON: In quite critical and compassionate cases, such as the one described, depending on its assessment in comparison with other cases, there is capacity to transfer people. However, that power is used very sparingly. I would like to hear more about that case. The department is acutely aware of the issue of teachers located in the country who want to return to the Perth area. Steve Home and I are visiting a range of schools at the moment to assess the different needs and opinions of staff, so that we can make some plans for that in any proposed local area planning outcome. We have given some undertakings to schools that individual human resource plans will be provided for each school that may be affected by local area planning outcomes, and those plans will get down to individual teachers to take account of their needs. The framework is that the department will stick within the existing rules and guidelines, but it will make them as flexible as possible. Some interesting cases have been put to me on where teachers might like to go.

[12 noon]

Mr RIPPER: Does that mean country teachers will be shut out of promotion in certain metropolitan areas because of those local area education planning human resource plans?

Ms VARDON: No. The amount of dislocation will be kept to a minimum. Administrative positions are won on merit. The local selection option allows teachers to move around the State. Perth is the most desired location for many teachers and they cannot all be here.

Mr RIPPER: One of the previous answers implied that some of the benefits which teachers received in kind might be cashed out and added to a salary package. Is the Minister aware of resistance from teachers to that proposition on the basis that cashing out any in kind benefits will increase their income tax burden and halve the effective benefit?

Mr BARNETT: Personally, I am not a great fan of salary packaging and other such contrivances. Long term problems are imposed on the average middle level employee. Arrangements that provide tax benefits can be appropriate for people in senior positions who are considering retirement. However, applying that packaging arrangement to people early in their career at a middle level within organisation has the potential to produce problems. This is across government in general. I share some of the concerns of the teachers' union about salary packaging.

Mr HOME: The negotiations held with the teachers' union contemplate the potential for taxation to adversely affect the way incentives are constructed. We are talking to the teachers' union and working with it to ensure that we develop a package that will be acceptable to teachers; the whole basis is to create an incentive. If it does not create an incentive, we are wasting our money. There is a major focus on constructing a package that will be advantageous to teachers who take these postings. In relation to other points raised, under the previous system, before this equal opportunity tribunal ruling, that deputy principal had no prospect of returning to the metropolitan area after three years. The metropolitan area is, and has been for many years, gridlocked to a major extent with positions locked up by people with more seniority than that deputy principal. People with more seniority could aspire to those positions if one became vacant. It was a slow track under the old system but it had some certainty. The current merit-based promotion removes that certainty and some people have the opportunity to return a lot faster on merit. In relation to local area education and planning, the consequence of meeting our obligations to redeploy displaced people will mean that there will be fewer opportunities in the metropolitan area for people outside the metropolitan area. Our first obligation is to find jobs for displaced people. Our hope is that positions will remain for which people will apply, but that will depend on the eventual outcomes of local area planning.

Mr RIPPER: On television last night a police officer said that there are 300 truants a day in the Midland region and that this was a source of the crime problem in Midland. What is the total number of student absences on a district by district basis in 1997?

Mr BARNETT: I am unsure if more detailed figures can be provided. This issue was raised last year and, from memory, the estimate is that on any given day about 1 per cent of students may be absent without explanation. In certain areas a concentration exists that presents problems and Midland is one of those areas.

Mr RIPPER: Can I have the information on student absences on a district by district basis for 1997?

Ms VARDON: We do not collect this information as comprehensively as that, but I will attempt to obtain that information.

The CHAIRMAN: As the member is aware, either the information must be agreed to be provided by the Minister as supplementary information or the member must put the question on notice. The committee does not operate on the basis of loose arrangements for providing information.

Mr BARNETT: This is not a budget matter so perhaps a question on a notice is appropriate. We will endeavour to provide information, but we do not have accurate records on compulsory versus post-compulsory years. Not all adolescents on the street are necessarily school enrolled.

Mr RIPPER: How many student welfare officers are provided for in the Budget to deal with truancy issues? How does that number compare with the number provided for in the last budget?

Mr BARNETT: We will provide that answer in supplementary information.

Mr KOBELKE: I refer to the Statement of Financial Position on page 342 of the budget papers. How does one arrive at the asset revaluation reserve? Is it taken from total assets and is it a revaluation of that figure?

Mr MANCE: Are you referring to the asset revaluation reserve figure of \$3.06m?

Mr KOBELKE: Yes, it is \$3 067 328.

Mr MANCE: The asset revaluation reserve figure represents that proportion of equity resulting from the revaluation of non-current assets.

Mr KOBELKE: Is the total assets figure re-evaluated?

Mr McCAFFREY: That is how it should be interpreted. It is a revaluation of the assets as we proceed through the financial statements. These figures are put together at a very low level and constructed upwards. If the member requires further clarification, I would need to refer to our working papers to ascertain exactly what movements occurred in which areas.

Mr KOBELKE: If the assets are revalued as in the third bottom line of figures, the figure of \$3 067 328 remains the same throughout all years, which would indicate that the asset is not revalued. It may be, as in many other portfolios, that the move to accrual accounting is not possible and revaluation is required when procedures to do so are unavailable. Why is that figure not updated on an annual basis and what does it actually reflect?

Mr McCAFFREY: I cannot comment at the moment. We are following a format set across government by the Treasury. I need time to consult with it and will respond if the Minister agrees.

Mr KOBELKE: Is it possible for the Minister to provide an answer?

Mr BARNETT: Yes, the member raises a good point.

Mr CARPENTER: When this concept was first propagated in the community a belief emerged from the Education Department that there would be meaningful input from the parent body. That has not occurred and most parent bodies and parents feel that they have had no meaningful input into decisions and that those decisions were already made and have been legitimised by the process.

I refer to the final dot point on page 329 which deals with parents of children with intellectual disabilities. Some of those parents are involved with the Cannington education support centre. This school has been affected by changes through the local area education plan. What meaningful input was sought from those parents?

[12.10 pm]

Mr BARNETT: The local area planning process has been going on since September last year. It is somewhat ironic that through most of that period the department has been accused of having already made decisions. All people who are close to this process will concede that that has not been the case. When the final decisions are made, in a number of instances they will be dramatically different from what I outlined as probable outcomes when the process started. The parents and the communities have had a very real and effective say in what will happen. I went out to the Cannington education support centre a couple of weeks ago. A number of the parents to whom the member referred spoke to me. We agreed that whatever is decided for Cannington, there will be ongoing discussion with the parents about how best to cater for those students. I think the director general will be meeting with those parents next week.

Mr CARPENTER: The Minister answered the point partially. I am drawing on notes provided to me, obviously, by people from that group of parents, who assert that, as stakeholders, at no stage were they consulted in the formulation of the plan for that local education area.

Mr BARNETT: The local area education plan was looking broadly at these issues. Parents raised concerns, which were quite proper. Whatever is decided about the school, they will be treated as a separate group and there will be ongoing discussion with them. My view of the discussion I had with these parents a couple of weeks ago is that they were very accepting of that.

Mr MacLEAN: The fourth point on page 329 refers to the emphasis on schools to provide more vocational education programs for students not intending to progress to post-secondary education. Is this aimed at the schools in regard to the low flow-on to post-compulsory education, such as year 10 students who do not want to continue? Are we looking at targeting the students in years 9 and 10 in those schools? I see that Ms Vardon is smiling; she probably knows the school to which I am referring.

Mr BARNETT: The vocational education programs will be extended across all schools. Their popularity will vary from school to school and area to area. As part of the new education Act parents will have a greater ability to choose schools, to cross boundaries and the like. Obviously we will not be able to provide all vocational programs in all schools. It will spread throughout the various years.

Ms VARDON: I do not know of the school to which the member is referring; I was puzzled.

Mr JARVIS: In terms of years 10 and 11, our emphasis is upon career education, not vocational education. In years 8, 9 and 10 we prepare students to make decisions about careers and to have knowledge about that. We are not focussing upon work experience or structured workplace learning. The focus on work experience applies in years 11 and 12. If students undertake a vocational educational program in years 11 and 12, that program will usually contain one day a week of structured workplace learning; one day a week with a private provider or a technical and further education college; and three days a week at school. In general, teachers are telling us that they do not want very narrow training to go into years 8, 9 and 10. The State Training Board, chaired by Mr Sorensen, has told us quite explicitly that the employers in this State want children in years 8, 9 and 10 to stay fundamentally within a broad liberal education, with a focus on career education and for those students not to be involved in specific training in a trade or a particular area.

Mr BARNETT: Going back to my days with the Chamber of Commerce and Industry of Western Australia, there was great concern among employers about having students in year 10 in the workplace particularly because of the occupational safety and health requirements today. It may have been acceptable in previous times, but it is not now.

Mr MacLEAN: The reason for the question is that students can go to district high schools only until year 10 and, historically, there is a very poor re-enrolment rate to years 11 and 12. There seems to be a gap where young children are leaving compulsory education and going into the work force with no experience and little idea of what they want to do, apart from not wanting to go on to senior high school. With district high schools, in particular, which have this very poor flow-on to post-compulsory education, are we looking at bringing in some form of core structure to give those students a direction - something like pre-apprenticeship training through the TAFE system - so that they have some value when they leave the school system?

Mr JARVIS: No; we are not. We would very much like to do whatever we can to increase the retention rate, to encourage students to undertake studies in years 11 and 12. It is vital that they do that. If schools have a retention rate problem - particularly district high schools in which students do not want to go on to senior high schools - we are interested in dealing with that school by school, case by case and doing whatever we can to encourage those students to go to the appropriate senior high school and to make sure some vocational education training is made available to them at that location.

Mr RIPPER: Are any assumptions regarding the financial impacts of local area education planning built into this Budget?

Mr BARNETT: No. It depends on the final decisions that are made. When decisions are made on local area planning, and that will be by mid-year, there will be a timetable for their introduction over the coming years. Hopefully, they will be neutral in terms of their financial impact.

Mr RIPPER: What operational savings are envisaged for each of the school closures so far recommended within the local area education planning?

Mr BARNETT: There have not been recommendations to close schools.

Mr RIPPER: The district directors have made them.

Mr BARNETT: They may be forthcoming. They have not yet come to me. They will first go to the senior executive and the director general, and then they will come to me. Parents have also made a number of proposals and submissions.

Mr RIPPER: We have been made aware of what might be released by the sale of school sites; however, the subject of operational savings is not being explicitly dealt with.

Mr BARNETT: We can probably give a good indication of what it might typically cost to run a high school with

between 500 and 600 students. If we get the closure of a school, or an amalgamation of schools or a multi-campus, there will be substantial ongoing savings in the administration of those schools and in teaching. Hopefully, we will fill classrooms, instead of having them half full. Despite what I know the media will say, local area education planning is not a matter of closing schools and saving money; it is about modernising education, particularly in this case, in some of the older areas of Perth. My instinctive feeling is that it will cost money in the first few years, but over the longer term there will be some savings and they will be on the recurrent side, not the capital side.

Mr RIPPER: If the Minister provided me with this information, it might assist his case, rather than harm it.

Mr BARNETT: We can give a broad indication of what a school such as that in Swanbourne or City Beach, for example would cost to operate.

Mr JARVIS: For a typical 600 or 700 student senior high school, we estimate the recurrent savings per annum will be \$750 000.

[12.20 pm]

Mr RIPPER: If 500 or 600 students were shifted from one high school to the other, you would need to provide extra teachers for the remaining school, but would the net benefit still be around \$750 000?

Mr BARNETT: Those are recurrent savings.

Mr KOBELKE: Would those recurrent savings result largely from the aggregation of students into bigger units, where the average class size would be larger in those schools, thereby reducing the number of teachers that would be required? Would that be the primary contributor to that recurrent saving?

Mr BARNETT: In upper secondary, the maximum class size is usually around 25, so we might go from having one class of 10 and one class of 15 to a class of 25, and that would present a saving, and also provide a wider choice. Many of the schools that have been nominated as candidates for possible closure have extremely small class sizes in upper secondary, and that is very expensive; hence the members for Willagee and Rockingham might well be concerned about some pressures in primary schools in their areas. This is about shifting the resources to where the students are located.

Mr KOBELKE: I was not suggesting that you would increase the maximum size of classes at any level, but that the average size of classes would increase under this reorganisation, so that a class in upper school which might run at 12 students would run at an average of 15, and when you applied that across the range of schools, you would get a saving on recurrent. Is that the main area of cost saving that we have been told about?

Mr BARNETT: If two schools each with 60 staff were combined, the final school would probably not have 120 staff, so that would also be a saving, and those resources would be freed up for other schools.

Mr RIPPER: There would also be fewer promotional and administrative positions.

Mr BARNETT: Yes. There will be savings. It is expensive to run small schools that are relatively overstaffed and underutilised.

Mr KOBELKE: And the additional transport cost would be met by parents and you would not need to cover that.

Mr BARNETT: That is another point. If schools were closed, amalgamated or changed in nature as part of local area planning, two of the issues that would be addressed would be transport and uniform costs.

Dr CONSTABLE: Does the department have a view on what is the optimal size for a senior high school to provide the best balance of good service, good education and cost?

Mr BARNETT: A decision such as that will depend very much on the design of the school. For example, you cannot compare the senior high schools in Swanbourne, Churchlands and Ballajura because of the differences in the architecture and the way the schools operate. If a senior high school comprising a middle school and a senior college were on the one piece of land -

Dr CONSTABLE: I am asking about senior high schools for years 8 to 12.

Mr BARNETT: Senior high schools for years 8 to 12 may well be multi-campus schools in the future.

Dr CONSTABLE: I am asking about the current situation.

Mr BARNETT: I know, but I want to make the point that you need to be very clear in defining it. I have said publicly that in my view -

Dr CONSTABLE: I am asking about a standard year 8 to 12 senior high school.

Mr BARNETT: Yes, and I will answer that, but I will answer it in the way that I choose. The number of students will be in the range of 800 to 1 200; but again, in modern, purpose built facilities, I think we can have a higher number.

Dr CONSTABLE: I have not received an answer yet.

Mr BARNETT: It is 800 to 1 200.

Dr CONSTABLE: That is not good enough. If that is the way you run things, you have a lot of work to do.

Ms VARDON: The size of senior high schools and the best size educationally will depend very much on how the classes are structured and what kind of pastoral care is provided. The optimal size is, as the Minister has said, one that will generate at the top end, because of the staffing formula, greater numbers of people who are able to provide good care and support to children as well as teachers. It will depend on facilities, and on the capacity of the principal and the teachers to deliver subschools. There is not one answer. I have been very comfortable with schools of 2 000 students in some places, and very uncomfortable with the way small schools of 600 students are structured and run. The costs vary due to the efficiency in the running of the school. Efficiency often depends upon the happiness and welfare of the children.

Mr BARNETT: It is a matter of perception of what the user wants. Why do parents around the Scarborough area elect to send their children to Carine, which is a larger school, and why do parents in the member for Churchlands' electorate elect to send their children to Churchlands rather than City Beach? No matter what we may say about school size, what parents do is often quite different.

Dr CONSTABLE: I was talking about professional analysis and research. I am not talking about all this waffle. I am asking whether you have done any work to assess what is the optimal size of a senior high school, all things being equal, when you want to balance good service, good education and cost, and I have not received an answer. A lot of research has been done.

Mr BARNETT: It is 800 to 1 200. Some people in the department would say for upper secondary you would need 300 to 400 in each of the years to get an optimal range of well functioning academic and vocational programs.

Dr CONSTABLE: Is that 300 to 400 in each of years 11 and 12 in upper secondary?

Mr BARNETT: Yes. However, if we were to build that, it would be a senior college, and it would be superb.

Dr CONSTABLE: The research does not support that figure.

Mr BARNETT: I would be willing to have a little gamble that if such a senior college were built, the parents and children would flock to it.

Mr RIPPER: In view of the foregoing discussion, why is the Minister allowing two completely new schools to be built in Denmark in apparent defiance of local area education planning principles? Would it not be cheaper either to allow those two new schools in Denmark to share facilities, or to build the high school on land already owned by the Government and allocated to the farm school? How does the Minister justify the decision in Denmark, which seems to be quite contrary to what he is doing with local area education planning in other areas?

Mr BARNETT: The decision in Denmark is to build a senior high school on the agricultural college land, because that is Education Department land. There has been an ongoing debate in Denmark about what site should be chosen. I and Hon Monty House, the local member, have walked over both sites and have talked to the proponents both for and against. The decision that was announced about a month ago has been very well received in Denmark.

Mr RIPPER: It has not been so well received in other areas, which believe that Denmark is getting a deal that is not available to other areas.

Mr BARNETT: In everything with which I have been associated, and with the support of the Parliament, where changes need to be made to schools, I have grasped the opportunity to improve things substantially. Denmark is getting that. We are grabbing the opportunity to build a new senior high school, which is desperately needed. Many of the agricultural buildings are old. Some facilities will be shared between the agricultural college and the school. We will also build some new agricultural facilities, which will be separate.

Mr RIPPER: There will be some shared facilities?

Mr BARNETT: Yes. That is one of the major advantages of going onto that site.

Mr McGOWAN: I want to ask the Minister a few more questions about schools in my electorate. The Minister will recall that when the TEE results came out, *The West Australian* did an analysis which found that certain areas did better than other areas. Some of the schools in my area did rather poorly according to the methodology that was used and, although I disagree with that methodology, I believe it demonstrates the need for some emphasis to be placed on some of those schools. The two schools that I raise are Safety Bay and Rockingham Senior High Schools. Rockingham Senior High School is in great need of an upgrade. The technical and vocational areas are a nightmare and something out of the 1960s.

Mr BARNETT: I know.

[12.30 pm]

Mr McGOWAN: Many of the young people in that school want to get jobs in one of the industries on the Kwinana strip, and these technical and vocational areas would be a good training ground if they were of a decent standard. At the moment it is a poor standard. I ask the Minister to consider that and to outline his intentions in that regard.

Secondly, I have been advised that the Safety Bay Senior High School does not have a school-wide computer network. I have made inquiries and discovered that a number of schools have such a network. For instance, Woodvale Senior High School has extensive computer facilities for students. Safety Bay Senior High School has one Internet connection, but no school-wide network. I undertook to raise the matter with the Minister and to ask him to address the situation perhaps by way of supplementary information.

Mr BARNETT: I agree with the sentiment of the question. There is an urgent need to provide more and better vocational programs in that area. If we can train young people in that area it will provide good employment prospects. I cannot say any more than that.

Mr McGOWAN: Will the Minister give the matter consideration and inform me? I can say certain things to the Minister, and he will say certain things, but nothing happens.

Mr BARNETT: The member has not asked a specific question. If he does, I will give a specific answer. He has expressed concern about vocational programs at schools. I am happy to look at that, and if he would like to meet with our departmental officers to discuss the matter, I am happy to arrange that, to allow him to provide input and ideas.

Mr MacLEAN: I refer to the final point on page 329 relating to the continued demand by parents of children with intellectual disabilities. I imagine this refers also to parents of children with severe physical disabilities. The northern-most special school is Burbridge School and Gladys Newton School is in the same area. Has any investigation been undertaken by way of local area planning to establish a collocated special school north of those two sites?

Ms KERR: In local area education planning, in the education support area we are trying to look at the full continuum of services from inclusion to segregated settings at separate schools for the areas. At the moment, no active consideration is being given to that, but it will be raised within local area education planning. Our preference is for education support centres attached to schools rather than completely separate, segregated schools.

Mr RIPPER: How much was spent by the Education Department on Sorry Day packages sent to government schools recently? Is the Minister aware that the first part of the package began arriving in schools only two weeks before Sorry Day, and other parts arrived during the two week period, thus compromising the ability of schools to have Sorry Day celebrations and to do the necessary liaison with the community?

Ms VARDON: Some of the packages arrived later than we expected. However, that did not preclude principals' consulting with their school communities beforehand, because we have had a longstanding reconciliation strategy. National Sorry Day was simply a small optional part of that, and the fact that the resource material was available only two weeks beforehand did not prejudice the chance for principals to talk to their school communities. The resource material pack contained some curriculum ideas and a synopsis of the Bringing Them Home report. We cannot provide a figure on the cost, but it would have come from the commonwealth Aboriginal education program.

Mr RIPPER: Can you provide that supplementary information?

Ms VARDON: Yes.

Mr CARPENTER: The Minister said that the optimum school size for standard secondary schools would be between 800 and 1 200, and for upper schools it would be 300 to 400 -

Mr BARNETT: If it were an upper secondary school which were part of a consolidated years 8 to 12, it would be 400 to 500 across years 11 and 12. It is somewhere between 400 and 500 in total for years 11 and 12. If it were a



separate senior campus, it could be more. That is a different entity; it is physically separated and is operated as a separate school.

Mr CARPENTER: I know of one school that is aware of the importance of building up the numbers to maintain a presence, but I do not know how many would fit into the 800 - or thereabouts - category that would have 400 to 500 in the upper school.

Mr BARNETT: Not many. Therefore, it is part of the problem of upper secondary education in this State. That is why we are doing something about it.

Mr McGOWAN: If a school managed to maintain its total population base around 800, it still would not fit into the general requirement.

Mr BARNETT: It would not be ideal. A school of that number would continue to operate as it is, but in reality a school with 1 200 or 1 300 students will have a wider range of options for years 11 and 12. A school of 800 is not under threat, but it will not have an optimal operation nor the range of subject choices that larger schools would have.

Mr BLOFFWITCH: I have received a couple of letters dealing with attention deficit disorder. What resources has the Education Department put towards the problem? Are there any plans for special programs, and has an allocation been made in this budget in that regard?

Mr BARNETT: ADD is an issue in schools. The Government made a policy decision that the disorder would be regarded as a health issue. Therefore, the Minister for Health has prime carriage over that government policy. It impacts on schools, and I ask Ms Kerr to comment on the school role.

Ms KERR: ADD is part of the project for students at educational risk. Educational resources are being put together for students at educational risk. A learning difficulties plan is about to be launched. It contains information and strategies about students with ADD, and the \$935 000 that I spoke about earlier includes ADD within its spectrum.

Mr RIPPER: I understand that a working party has prepared recommendations on attention deficit disorder. Does the Education Department accept those recommendations, and has an allocation been made in this budget for their implementation?

Mr BARNETT: I think we have accepted some of the recommendations.

Ms KERR: We are taking account of them. We have been working with some of the people involved. The \$935 000 which has been transferred to districts, is part of that. Also, project work that is going on at central office for students with learning difficulties and a broad range of students at educational risk comes to \$780 000.

Mr RIPPER: Has the department made a formal statement in response to that report, and can we have a copy of it?

[12.40 pm]

Mr BARNETT: From memory there was. We can resurrect that and, if appropriate, we will make it available.

The CHAIRMAN: Was that by way of supplementary information?

Mr BARNETT: It is a copy of the report.

Mr RIPPER: I require not so much the submission by the department but the department's response to the recommendation.

Dr CONSTABLE: One of the frustrations of these budget papers is that it is very difficult to make comparisons between the years. In the previous budget papers FTE levels were a major focus. This time they are shown as a little footnote at page 341. I would like to see a breakdown into categories of teachers and administrative and other staff so that we can see the number of preprimary, primary and secondary teachers along the lines of what was provided in the past.

Mr BARNETT: We will provide a breakdown of the FTEs by supplementary information.

Mr KOBELKE: Does this division cover the Centre for Professional Excellence in Teaching? The amount of \$600 000 capital expenditure is provided. What is the situation with the running costs and recurrent expenditure?

Mr BARNETT: The centre is funded through the Education Department and will receive funding in due course from non-Government schools. Although an initial \$1.5m was funded by government through the Education Department to establish it, we expect it to be largely self-sufficient once it is operating.

Mr KOBELKE: How will it do that?

Mr BARNETT: By providing professional development which in essence will be paid for by government departments and other teaching organisations.

Mr KOBELKE: Given what I believe to be a totally inadequate level of funding, must teachers do professional development in their own time so there is no need for replacement staff in the schools, as well as fund their own courses?

Mr BARNETT: No. There is not inadequate funding for professional development. It is funded in a series of ways. Substantial funding has been allocated for professional development through the department, the Curriculum Council, independent schools and the Catholic education system. The Centre for Excellence in Teaching will organise, promote and run courses that will be paid for out of school grants, through departmental funds, etc. Under the industrial agreement reached two years ago, teachers do some of their own professional development in school time and some out of school time.

Mr KOBELKE: What is the commitment as part of that agreement for teachers to do their professional development out of school hours?

Mr HOME: The agreement does not specify a mandatory number of hours out of school time. There is a recognition and obligation for teachers to undertake PD outside school hours.

Mr KOBELKE: What about the figure?

Mr BARNETT: We are preparing a full assessment of PD. Various figures were quoted including \$1.5m from the Curriculum Council and I think \$1m from students at risk. We will compile a breakdown to show the total amount of government funds allocated to professional development.

Mr KOBELKE: What about the amount for the Centre for Excellence in Teaching?

Mr BARNETT: The centre is a provider of professional development; it is not a user.

Mr KOBELKE: Is there any money to assist with recurrent expenditure?

Mr BARNETT: Funding has been provided for capital improvements to the building and recurrent funding for each of the next four years of between \$300 000 and \$450 000 each year. We have established the centre and are funding its administration but we expect that progressively, as far as possible, it will become fully self-funding.

Mr MacLEAN: What trials are being considered for students at educational risk who do not fit into the mainstream activities of schools?

Mr BARNETT: One of the facilities available for that group is the fast track program at Scarborough which I have visited. Under the new federal common youth allowance some of those young people will go into training and some into the school system. I am conscious of the need to develop alternative programs. I am keen to see three or four centres around the metropolitan area initially. Some may lend themselves to operate almost on a charter school basis. Port Community School in Fremantle may be one example which operates on almost all government funding, but on a different model from conventional government schools.

Mr CARPENTER: Complaints have been made to me about cleaners being redeployed in schools as teachers' aides. What policy applies in those circumstances?

Mr RIPPER: Particularly in education support schools.

Mr BARNETT: There are obviously standards and requirements for anyone coming into contact with children.

Mr HOME: The department has a legal obligation under a federal award to redeploy cleaning staff into suitable alternative positions. We have redeployed cleaners into teacher aide positions. Assessments are made and training is provided.

Mr CARPENTER: As a result of that policy, how many complaints has the department received?

Mr HOME: I cannot provide the detail of that. Some concerns have been expressed in specific cases. Having regard for the extent to which it is being done there has not been a major backlash against it.

Mr CARPENTER: Will you provide some detail about what training is provided?

Mr BARNETT: We can do that by supplementary information.

Mr RIPPER: I understand that the disastrous fire at Churchlands Senior High School took a catastrophic hold because the fire burnt through the telephone cables before it reached the sensors for the electronic security system

so that the signal could not be transmitted through the telephone lines. That event could have been avoided had fire retardant cables been installed to support the operation of the electronic security system. Are there any plans in the Education Department to fit fire retardant cables when schools are equipped with electronic security systems? What would be the cost of fitting these fire retardant cables rather than the non-fire retardant ones.

Mr BARNETT: Since the Churchlands fire and a spate of other school fires, significant expenditure has been devoted to security systems for schools and alarm systems. The buildings at Churchlands did not have fire walls between the classrooms and were of a construction that allowed the fire to spread quickly. I remember some of the circumstances of the Churchlands fire. I am sure members will understand that we are hesitant, as are the police, to comment on some of the details about how fires are started and how security systems may or may not have been operated. For obvious reasons that must be respected.

[12.50 pm]

Mr RIPPER: I hope the Minister is not suggesting that the comments I have made are inappropriate.

Mr BARNETT: If we are guarded in the answer it is because we are trying not to compromise security in the future.

Mr PARR: The situation at Churchlands is as the member has described. The system was outdated. Since that time, the specification for security systems has been revised and the new installation provides a dedicated telephone line that has that type of protection.

Mr RIPPER: How many schools have these new installations with the fire retardant cables?

Mr PARR: I cannot answer that question at this time. The department has had an ongoing capital works program and it will continue during the forthcoming year. That program provides the funds for the upgrading of security systems in schools in accordance with specifications.

Mr BARNETT: That happens with all new schools or where there is major rebuilding. I imagine that it is also done in areas that are vulnerable to acts of arson.

Mr MacLEAN: Has any assessment been undertaken of the delivery and acceptance of the schools in houses program? Have any approaches been made to major developers to put aside areas for permanent schools and schools in houses?

Mr BARNETT: As the member has had a school in houses at Mindarie I am sure he would agree that they have been a success. It has been a very innovative move. There has also been a school in a shop in the Secret Harbour area. The experience has been very good.

Mr PARR: A formal assessment currently is being undertaken and we look forward to the results.

Mr MacLEAN: Have any approaches been made to developers? In the next two years the suburb of Butler in my electorate will be developed. Have any approaches been made to the developer to provide not only permanent school sites but also sites where schools in houses can be provided as an interim measure?

Mr BARNETT: As the member knows, developers are required to set aside school sites. My experience is that often the approach comes from the developer. One of the problems facing the department is that often property developers advertise that a subdivision includes a school, but there is no commitment to build a school. That raises people's expectations, perhaps unfairly, when they buy land in the area. There is a good relationship between the property development industry and schools. In addition, we now have a more formal arrangement between the government and non-government school sectors for the planning of school sites. Not only do we not have government schools too close together, we also do not have government and non-government schools too close together. While they initially have many students, they very quickly start to compete and potentially destroy each other's viability.

The CHAIRMAN: Mr Parr mentioned a study into the effectiveness of the school in houses project. Is that from an educational point of view or a cost benefit analysis?

Mr BARNETT: It will address both aspects.

Mr PARR: It will have a large focus on education outcomes.

The CHAIRMAN: Will it also address the cost benefit?

Mr PARR: Yes.

Mr RIPPER: How much has been allocated to the development of the human resources management information system in this Budget? How much has been spent in total on the project? Does the Minister regard that expenditure as being value for money?

Mr BARNETT: The Personnel 2000 project is immense. Everyone in the department and the community would agree that for too many years the information technology and personnel and management practices of the department have not kept up with modern practice. That has been corrected at substantial expense and with a huge input of intellect and dedication. It should have been done years ago.

Mr HOME: The expected outturn for 1997-98 for P2000 is \$6.295m. I do not have the figures for the total cost of the project, bearing in mind that it commenced in 1993. The estimated cost for 1998-99 is \$3m and for 1999-2000, \$2.188m. The department holds the strong view that, notwithstanding the considerable investment it has made and will continue to make, this project will provide major returns. The member might be aware of the payroll problems the department has long suffered. We will finally have a state of the art payroll system. We will be able to provide information that has been lacking for 10 years. Governments have decried that lack of information about the number of employees and human resources. Probably of even more significance is that this project puts in place an infrastructure that allows us to devolve and improve a wide range of human resource functions. A number of schools are already on the P2000I, which is a preliminary version of the software. They are able to deal electronically with their leave records and a range of other human resource functions. As of 2 September this year, 230 schools will go live on the "people soft" product. We believe that by the end of next year every school in the State on the wide area network will have access to the product. We will have vastly refined, improved and speedier human resource processes. It has been a considerable investment, but it has provided enormous value for money.

Mr RIPPER: Can I have supplementary information about the total expenditure on the project since 1993? Are budget figures for this project completely separate from budget figures for educational computers in schools?

Mr BARNETT: We can provide that as supplementary information.

Mr KOBELKE: I assume that the department covers its employees through the government self-insurance scheme. Under which item is that expenditure? Is an amount included or is it a cost carried by Treasury and therefore does not appear in the Education Department budget?

Mr McCAFFREY: Under corporate services we have \$1m to cover public liability, but all other insurances are dealt with through the new self-insurance scheme. That also covers risk cover for other aspects of workers' compensation.

Mr KOBELKE: Is the full cost in the Education Department budget or only part of it? That would be a very low premium to pay on the department's wages bill.

Mr McCAFFREY: Workers' compensation is in our appropriations in the forward estimates. It is approximately \$12.5m. I understand some work is being done to address the reason for that very high coverage to bring it back into line with other practice.

Mr KOBELKE: Is that figure available as a percentage of salary? Is the percentage paid different for different classes of employees or is it a global percentage for all employees?

Mr McCAFFREY: I have not seen the details recently, but there were different classes of rates depending on the risk associated with the employee. The rate for employees sitting at a desk would be a lot lower than that for a cleaner or gardener. A differential rate is struck across the work force.

Mr MacLEAN: I refer members to page 338. How has the growth in information technology over the years affected the delivery of the distance education program? What initiatives have been put in place to bring the program up to current technology or to keep it abreast of current technology?

Mr BARNETT: Considerable investment has been made recently in the School of Isolated and Distance Education in places such as the new Meekatharra School of the Air and in new facilities at Carnarvon and so on. The Education Department recently won an international award for using technology to deliver a science program from John Forrest Senior High School to Donnybrook and Margaret River. A lot is being done. The use of technology in distance learning and in providing wider curriculum to country and isolated schools is developing very rapidly.

Mr JARVIS: We use satellite continuously for interactive lesson delivery. We have recently run a video conference with telematics for which we won an international award. Telstra is about to undertake a trial at Bullsbrook looking at broad band capacity via satellite. Once it has been proved, it will be taken to a very remote school to see whether it works in remote areas. If it does, we will have bandwidth up and down. That will allow interactive satellite telecommunications delivery of distance education. That has great potential for not only isolated communities but also schools in the metropolitan area.

Mr MacLEAN: As supplementary information I would like details of how this affects individuals in remote areas who do not attend a school.

Mr BARNETT: That will be provided.

Mr RIPPER: I thank the departmental officers for their attendance and the information they have provided.

*Sitting suspended from 1.03 to 2.00 pm*

**Division 25: Country High School Hostels Authority, \$2 340 000 -**

[Ms McHale, Chairman.]

[Mr Barnett, Minister for Education.]

[Mr P.J. Browne, Chief Executive Officer.]

[Mr T. Tang, Accounting and Budget Officer.]

Mr RIPPER: Parliament passed legislation last year to give the Country High School Hostels Authority the opportunity to take in a wider range of clients. Has that legislation resulted in better patronage of the hostels?

Mr BARNETT: It has legitimatised what was effectively happening already in Albany. There are some proposals encompassing, for example, Geraldton, where government and non-government students are attending a hostel operated under the authority. We are also looking at specific hostels for Aboriginal children in the Kimberley region.

Mr BROWNE: The Albany project has been very successful and the students from St Joseph's Catholic School in Albany attend Amity House. Agreements have been made on finances, accommodation, travel and on so. There is also an agreement in Northam at St Christopher's House in which some of the students from St Joseph's Catholic School in Northam attend. We are also currently looking at Geraldton, and the legislation will enable us to proceed if all parties are willing to be involved in more of a joint venture of accommodation among the Geraldton residential institutions.

Mr RIPPER: What is the current subsidy per student staying in a country high school hostel?

Mr BROWNE: The figure is \$2 888. That figure is the cost to government per student after all of the running costs and fees that they pay are taken out. That figure needs to be measured against what would be the transport costs of students.

Mr RIPPER: What is the current fee which a student's family pays?

[2.10 pm]

Mr BROWNE: Currently it is \$6 200; next year it will increase by 3.3 per cent to \$6 500.

Mr RIPPER: Apart from the \$2 800, which is the cost to the Government of running the hostels beyond what is received in fees, is there any other assistance for families who place their children in one of those hostels?

Mr BROWNE: Yes. It is complex. Put simply, it relates to part of a question asked this morning in respect of different allowances relating to the number of Aboriginal students and the effect upon Aboriginal students. Those students are entitled to Abstudy, which also has a living away category. That is a commonwealth allowance in the order of \$5 000. The student of indigenous descent taking up Abstudy would not claim Assistance to Isolated Children - AIC - which at the moment is \$2 900. If students do not qualify for AIC, they do not qualify for the State living away from home allowance. The allowance to government students was \$500 last year and is \$600 this calendar year.

Mr RIPPER: If I could summarise it: A student's family pays \$6 200, less commonwealth assistance, less state assistance. That net amount which the student's family pays is then supplemented because the hostels effectively run at a loss and the State makes up a payment of about \$2 800 per student to cover those losses. Is that a rough summary of the situation?

Mr BROWNE: That is a fair summary of the situation. The commonwealth allowance, AIC, is in the order of \$2 900 and the state government allowance is \$600, a total of \$3 500 as at 1998. However, not all the hostels run at a loss. Narrogin, for example, returns a profit. That money is then used to offset the losses in the less well populated colleges.

Mr RIPPER: I ask about the proposal to work with other stakeholder agencies to establish a best practice residential facility for Aboriginal students. When is it likely that such a facility will be established? With whom are you working and where is it likely to be located?

Mr BARNETT: A report was prepared through the Department of Education Services on that issue. Two of the prime areas in which I have had a particular interest are Kununurra and Carnarvon. There is good support from within the Aboriginal community in those towns to do something like that.

Mr RIPPER: That would be vital to the success of the proposal.

Mr BARNETT: Yes.

Mr BROWNE: We are looking at a number of areas and are negotiating with the Commonwealth, which is very keen to be a partner in the establishment of an Aboriginal residential college; whether it is five days or seven days is a matter to be determined, largely by the stakeholders. Of course, among the primary stakeholders are the indigenous people who would use that residential college. In respect of that project, we are looking very carefully at the Kimberley and at Carnarvon, because there is a very strong view that a five day residential college would be beneficial to Aboriginal students by providing an environment conducive to learning. We are also looking at Perth with a view to establishing a five day residential college.

Regarding the time frame, it is entirely the Minister's prerogative to make the announcement at the relevant time. However, negotiations with the Commonwealth are proceeding speedily.

Mr CARPENTER: I refer to the percentage occupancy rates, both for 1997-98 and 1998-99 of 78 per cent, and the number of students, 741. Is there a reason beyond coincidence that the occupancy rate and the number of students are exactly the same in each year or is it purely coincidental?

Mr BROWNE: It is not a contrived figure, it is based on enrolments. The figure for the year before, 1996-97, was 79 per cent. There are ebbs and flows in all of the colleges and they tend to balance one another out. However, it is encouraging that, contrary to the tendency of the rural-urban drift, the number has remained close to, if not on, 78 per cent throughout the past three years. It is a credit to the residential colleges that they have maintained the numbers.

Mr CARPENTER: It demonstrates that there is unused capacity in the country high school hostels. What level of activity is there in trying to fill them?

Mr BARNETT: I have visited most of these hostels now and the most common remark made is that the take up of a hostel vacancy depends most critically on the reputation that the school enjoys. Although we are always working at improving the hostel arrangements, in modernising and upgrading them, it is the attractiveness of the school and its programs that is the key determinant.

Mr CARPENTER: Are any of them full?

Mr BROWNE: If I may go back to the first part of your question, under the auspices of the Country High School Hostels Authority a strategic marketing plan has been put in place. That has emanated centrally and complements the one required to be established by each of the residential colleges. Narrogin is full. Although I note in the documentation that Albany is 98 per cent full, that has traditionally been full. Allowance must always be made for the movement of one or two students, which, of course, represents 1 or 2 per cent. They are currently the most successful. Esperance, which formerly was lagging, is now back up to 100 students which is close to 100 per cent.

Mr BARNETT: At Esperance, a senior campus has been developed and some other changes made; it is a good example of the fact that if you build up the educational programs it will attract more students. That is why we have invested in that residential college.

**Division 27: Education Services, \$134 425 000 -**

[Ms McHale, Deputy Chairman.]

[Mr Barnett, Minister for Education.]

[Mr P. Browne, Department of Education Services.]

[Mrs E. Iaschi, Manager, Financial Services, Department of Education Services.]

[Mr A. Marshall, Principal Policy Officer, Department of Education Services.]

Mr RIPPER: On page 352 item 139 deals with "Administered Transactions". There is quite a significant growth in those administered transactions over the period of the forward estimates going from \$120.4m in 1998-99 to \$156.1m in 2001-02. I imagine that those administered transactions are per capita grants to non-government schools and I would like an explanation for that expected growth.

[2.20 pm]

Mr BARNETT: I agree that it is not the most illuminating title. It relates to grants to non-government schools. There have been two reasons for the significant increase. First, the growth in enrolments in non-government schools and the Government's policy to increase grants to non-government schools until they reach 25 per cent of the cost of educating a child in a government school. We have achieved that target. I do not think we will see such strong growth in future years.

Mr BROWNE: An index called Australian government schools recommended cost is set by the Ministerial Council for Education, Employment, Training and Youth Affairs. It is based on the amount of money needed to educate a student at a government school. That has increased by 5 per cent. There is always a lag time of 18 months. As the Minister has pointed out, the increase in enrolments in the non-government sector has been 4 per cent in the past 12 months.

Mr RIPPER: Has there been a change in the per capita grants formula or is this increase from 1997-98 to 1998-99 and onwards to 2001-02 flowing from the growth of enrolments and increases in the cost of government schools which are reflected in the formula to the capital grants system?

Mr BARNETT: There has been a deliberate action by the Government to increase funding for non-government schools to achieve a target announced at the 1993 election; that is, we would fund non-government schools up to 25 per cent. There are three factors at work: Increasing enrolments; increasing total costs of education in any system; and the election commitment that we would increase funding for non-government schools to bring them up to that target. Those three factors have worked together to produce that quite steep rise in funding.

Mr RIPPER: When was that election commitment implemented?

Mr BARNETT: There has been some dispute between the Government and non-government schools as to when it was achieved. However, we claim it was during 1996-97.

Mr CARPENTER: It was stated that there has been a 4 per cent growth in enrolments for non-government schools in the past 12 months.

Mr BROWNE: I was corrected by Mrs Iaschi; it is 6.2 per cent.

Mrs IASCHI: The growth rate is an average of 4 per cent. It varies from 3.5, 4, to 5 per cent depending on the level of education and we take an average, which is about 4 per cent. The indexation factor for this year was 6.5 per cent plus the extra \$1.5m which equated to an 8 per cent increase in the rates.

Mr BARNETT: The growth in government schools is about 1 to 1.5 per cent a year. The continuing trend is for growth in non-government schools to run ahead of growth in government schools.

Mr CARPENTER: That was my final destination. Traditionally 28 per cent of the student population in WA attends non-government schools. We are seeing an increase in that percentage. Do you know what it is now?

Mr BARNETT: We can give you that. The proportion of students in this State attending non-government schools is slightly below the national average. That perhaps reflects our geography and higher proportion of Aboriginal students and the like. In this State at the moment the rate is growing more quickly than the Australian average.

Mr BROWNE: It is 27.2 per cent in Western Australia at the moment, and it is expected to rise to 30.5 per cent by 2001. As the Minister said, it is currently below the national average which is 29 per cent.

Mr CARPENTER: The growth in the government school population is about 1 per cent. In recent years the average growth in non-government schools has been about 4 per cent, although it was 6 per cent in the past 12 months?

Mrs IASCHI: No, it was 4 per cent in the past 12 months.

Mr RIPPER: I note a welcome initiative to provide additional funding to the Catholic sector for education for students with disabilities. How many students will be funded by the initiative which is set out on page 354?

Mr BARNETT: \$325 000 was provided for Catholic schools. That was following a request by the Catholic Education Commission making the point that many children in Catholic schools could not be regarded as coming from high income families. We accept that the Catholic school system performs a social responsibility in that area. Also we provided assistance for Catholic schools to run schools in the Kimberley area which are predominantly for Aboriginal children where historically those schools have been Catholic schools. If they were not run by the Catholic system they would have to be run by the Government. They are appropriate decisions. I do not know the number of students that might fund.

Mr RIPPER: It would not be a huge number based on that amount.

Mr BARNETT: It would depend on the level of disability.

Mrs IASCHI: It is estimated that it costs about \$16 000 a year for each student.

Mr BARNETT: That is 20 students.

Mr RIPPER: I note the reference on page 354 to the completion of a report on middle schooling. Will the Minister advise who was on that committee, what public consultation has been held, and when we can expect to see the report?

Mr BROWNE: The committee is being run by the Education Department and representatives have been drawn from all sectors - Catholic schools, the Association of Independent Schools and the Education Department. Although I cannot name the people who have been consulted, consultation has been extensive.

Mr RIPPER: When can the public expect to see that report and will there be a public consultation period once it is released?

Mr BROWNE: The report is in draft form now and is about to go to the Minister. It is entirely up to the Minister what he does with it.

Mr BARNETT: Normally it would be released and we would invite public comment. There may be a forum or seminar on some of the issues raised. It is hard to say until I have seen the report. There seems to be a wide level of acceptance that middle schooling is an appropriate way to go and it is important that we have an objective look at it before we launch into that path.

Mr RIPPER: How much money is currently outstanding under the low interest loan scheme for non-government schools?

Mr BROWNE: Mrs Iaschi prepared the figures. An amount of \$182m is outstanding. The amount of money lent since 1988 when the system was first put into place is \$239m.

Mr BARNETT: I will give due credit to the previous Government, which initiated that scheme. At meetings of federal and state Education Ministers this scheme is the envy of non-government schools in other States. It has proved very effective. It has grown and developed. We are now funding it more independently of Treasury. I compliment the department, because for a large amount of money it is extremely well managed.

We have also developed a system of giving block allocations to Catholic schools, for example, and letting them take responsibility for the administration of the money. It has been a highly successful scheme as a practical way of assisting non-government schools.

[2.30 pm]

Mr RIPPER: We will frame that testimonial!

Mr BARNETT: It is my one compliment for the day. We can get back to normal now.

Mr RIPPER: I recently visited a town where a parent complained to me that her son had been accepted on an academically talented program, which was not available in her regional centre except by telematics. She was not keen to have her son "sit in a room by himself studying in ATP by the telematic". She enrolled him at Governor Stirling and he is residing at Swanleigh. Unfortunately, she cannot attract the government student boarding away from home allowance. This matter has aggrieved her. When people are selected for such programs, why will the Government not pay the boarding allowance?

Mr BARNETT: Obviously the student does not come from a remote area?

Mr RIPPER: The town is Exmouth.

Mr BARNETT: Or has a school in the area.

Mr RIPPER: The school does not have the ATP.

Mr BARNETT: One can have some sympathy. However, if we widen the criteria for the allowance, the cost would be enormous, particularly as more program choices are available these days. The living away from home allowance is designed for students in genuinely isolated situations. I sympathise, but I do not believe it should be extended to that use.

Mr RIPPER: Her argument - you may be able to confirm this point - is that the allowance is paid for a student with a disability, but her son was not eligible and he had a special ability, not a disability.



Mr BROWNE: We are dictated to largely by the Commonwealth, which determines who is eligible for the assistance for isolated children allowance; I mentioned that earlier. If they qualify for that, they qualify for the state allowance. The bypass process is determined by the Commonwealth, which has tightened up the rules regarding bypass. Clearly, this parent does not qualify for the assistance for isolated children allowance in respect of disabilities and abilities. Some extenuating circumstances may have been involved by which a student qualified, or was not disqualified, because of a disability.

Mr KOBELKE: Does the funding for the chaplains in schools program come under this division?

Mr BARNETT: That is through the Education Department's budget. We are currently in consultation with the churches about some nominal increase in chaplaincy services funding.

Mr KOBELKE: Page 363 refers to grants to charitable and other public bodies. Can the Minister explain the role of the national institute of mining and petroleum research, and why it is appropriate to come from this vote?

Mr BARNETT: That initiative arose in the resources industry. A number of senior people in the mining industry indicated that none of their top people was a graduate from universities within the State. Although they were not critical of particular courses in mining, geology or engineering, it was determined that greater collaboration and a higher level of excellence was needed, especially for development in the postgraduate area. The report produced in this regard was industry driven. A series of discussions were held involving Des Kelly from the Department of Resources Development, academics, industry and me.

The State Government has made \$1m available to start what we would see as a Perth institute of mining and petroleum research. We hope over time it will become a world-renowned education source for that sector. It is most appropriate that the fund be managed and allocated through the Department of Education Services, rather than through the Department of Resource Development. It is educational even though it relates to the mining and resource industry. It is early days.

Mr KOBELKE: The same page refers to the teachers' educational authority; to what does that debt charge contribute?

Mr BROWNE: I can provide further detail. It goes back a long way. This was money held in the miscellaneous account in Treasury, from which all the money in 1996-97 was transferred to respective agencies. We picked that up, along with bodies such as Curtin University of Technology, with the debt charge being the State Government's share of a capital loan. It falls into such category. It is the Government's share of a loan which goes back many years.

Mr KOBELKE: Is the teachers' education authority still functioning?

Mr BROWNE: No. It was under another heading, but money was owed at the time.

Mr KOBELKE: Is this debt part of winding up its affairs and any liabilities?

Mr BARNETT: We will provide further information about that as supplementary information.

Mr CARPENTER: What criteria are used for the funding of students in non-government schools? Is it strictly numerically based? Does Hale, for example, attract the same per capita funding as a local Catholic primary school?

Mr BARNETT: There are different categories of non-government schools, and they are funded accordingly.

Mr RIPPER: How much would a school like Hale attract on a per capita basis? We do not necessarily want the detail, just the category.

Mr BARNETT: Like members opposite, the Government is conscious of a sense of equity. Although some non-government schools are affluent, some are very poor and almost entirely dependent on government funding.

Mrs IASHI: Various rates apply for primary, pre-primary and secondary schools. The secondary rate for a school like Hale is \$1 152 per student per annum, whereas schools in category 12, which includes some of the Aboriginal schools, would receive \$1 586 per annum per child.

Mr CARPENTER: Is that paper publicly available?

The CHAIRMAN: It will be photocopied and made available for all members.

Mr RIPPER: Are any funds allocated within this budget for the establishment of an external review unit to review the performance of schools?

Mr BARNETT: No. That is a point of debate within the education sector. We are about to have a seminar involving the Department of Education Services, the Education Department and the university sector on issues of

self-government and assessment of schools. It is a very live issue. This will be the year of its debate and no funding is provided for the establishment of a body.

Mr RIPPER: Will the Opposition receive an invitation to this seminar?

Mr BARNETT: Certainly. We will be delighted to see you there.

Mr RIPPER: Excellent. Page 353 refers to facilitating work of the new non-government schools committee, which is designed to assess applications for the opening of or for significant changes to non-government schools. Has that committee knocked back any applications for new non-government schools?

[2.40 pm]

Mr BARNETT: I am not sure whether it has done that. It is early days and the committee follows the abolition by the Commonwealth of its New Schools policy. The feedback in its early stages is that the committee is operating very well and is working in a consultative and planning sense with non-government school systems in bringing forward their plans together with the Education Department's plans. We need to have an understanding between different school systems because we need to know who is doing what, where and when.

Mr BROWNE: No application has been knocked back. I recall that one application has been referred back for further detail.

Mr BARNETT: I do not think that this sort of committee would get into that position. I hope we do not get to the position where a non-government school is insisting that it wants to do something and it gets knocked back because others do not agree. I would think that the plans would evolve so that we would get consistent planning between the school systems. A knock-back situation to some extent would be a failing of the committee.

Mr RIPPER: The third dot point refers to developing a state strategic plan for rural and remote education. This must overlap to some extent with the work being done in the Education Department on country incentives. Will this report also address the mechanisms for attracting good quality teachers to country areas?

Mr BARNETT: The Education Department is involved in this work, which is really about delivery and planning of education in rural and remote areas rather than necessarily the specific staffing issues. Everyone is conscious of the difficulties of staff and housing in this area. Essentially the strategy is about planning and promoting the quality of education. We are also looking at agricultural colleges in the same vein.

#### **Division 26: Curriculum Council, \$7 800 000 -**

[Ms McHale, Chairman.]

[Mr Barnett, Minister for Education.]

[Mr P. Albert, Chief Executive Officer.]

[Ms L.H. Seetoh, Manager, Finance and Accounts.]

Mr MacLEAN: I refer to page 286 and to the first dot point of significant issues and trends. Do you have any information on the feedback on the Curriculum Council from schools and parent bodies?

Mr BARNETT: The Curriculum Council has been a very positive exercise in looking at issues right across the curriculum, from kindergarten to year 12, in both government and non-government areas. The legislation was in place and the Curriculum Council was established last year. It has developed a curriculum framework in a large and complex document which has been out for discussion. The plan is to introduce a new curriculum with effect from 1999 onwards. Some teachers see it as another burden, but the feedback I have had at interstate level is that the work that has taken place here is ahead of that in the rest of Australia. Increasingly I get stronger support for it in schools. It is probably the most important development in education. It has involved a huge cooperative process over several years. I hope that next year we will start to see the results in schools.

Mr RIPPER: Which agency do you regard as being responsible for curriculum development and the production of curriculum support material? Does the Education Department have a major or significant role or should all of us regard the Curriculum Council as the agency primarily responsible for curriculum matters and the development of curriculum support material?

Mr BARNETT: The Curriculum Council oversees curriculum matters; it sets the standards and framework, but the syllabus varies within that. The Education Department still keeps a major emphasis on the curriculum and the types of programs to be delivered but, yes, the Curriculum Council is the lead agency on matters of curriculum.

Mr ALBERT: The role of the Curriculum Council is to set the overall required learning outcomes of whatever curriculum is developed in whatever school. The responsibility for developing the detailed syllabus documentation and so on is a matter for the school. Where something is agreed to be required broadly across all schools, both government and non-government, the council will fund the development of the support documentation. That is really the dividing line.

Mr RIPPER: How much is allocated in the Curriculum Council's budget for the preparation of those broadly required curriculum support materials? You may tell me about the Education Department's budget, but I will probably be told that I should have asked before.

Mr ALBERT: Within this Budget there is \$1.5m. There is a further transfer of the equivalent of eight FTE salaries and some extra money coming from the Education Department in this financial year. Those transfers are currently taking place.

Mr MacLEAN: The third dot point under significant issues and trends on page 286 refers to more flexible university entrance requirements. I understand that only Notre Dame, a private university, has flexible entrance requirements. I also understand that the initial reason for the TEE score was as a guideline to students on what achievements they needed and that currently, if a university does not meet the number of enrolments it has set, it starts to interview applicants who have a lower score. Are you in a position to suggest to universities that they introduce a range of scores to make entrance requirements more flexible? Can you comment on the success of Notre Dame or is it too early because the effect might not be felt for a couple of years?

Mr BARNETT: All I can do is influence universities. I and others have made comments to that effect recently. University vice chancellors recognise that it is more appropriate to have flexible entry requirements. The almost total reliance on the TEE score is starting to change. For example, I understand that the faculty of agriculture at UWA looks at TEE scores but also interviews people about their aptitude for careers in agriculture and takes all those factors into account.

The medical faculty is certainly doing that. Traditionally it took students with the highest TEE scores but not necessarily the aptitude or the appropriate bedside manner to be doctors. The situation is changing. Going through the process of interviewing and assessing is a major resource issue for universities but it is happening. We are certainly encouraging universities to take greater responsibility for their admission policies.

Mr ALBERT: The Curriculum Council has embarked on a complete review of post-compulsory education. That review is being conducted in collaboration with universities, colleges of TAFE, the school sectors and with the community and industry. One of the aims of the review is to take account of the need to have much more flexible entry arrangements, not only into universities but also into vocational education and training. It is also to take account of changing international trends. The universities themselves need to recognise that and that needs to be reflected back into the school system. We are very confident that the review will produce some good outcomes for students.

[2.50 pm]

Mr RIPPER: The new curriculum framework will be implemented in schools over a period. When is the final date by which it should be implemented?

Mr BARNETT: It starts in 1999 and it should be completed in 2004. I believe once it starts, the process will be quick. My experience is that once a process starts, schools and parents want to get on with it. I hope it is quicker.

Mr ALBERT: Although 1999 is designated as the starting point, many schools are proceeding with implementation.

Mr RIPPER: I note that \$1.5m has been provided for professional development to facilitate implementation of the curriculum framework for 1998-99, but the forward estimates indicate that the amount provided to the Curriculum Council will drop back to \$6.2m in 1999-2000, \$6.4m in 2000-01, and only \$6.5m in 2001-02. It is estimated that less will be spent on the Curriculum Council in four years' time than is spent at the moment. Will there not be a continuing need for this professional development? The decrease seems to be related to professional development because it is indicated at page 287 that an amount is allocated for 1998-99 but not in the following three years.

Mr BARNETT: I have no doubt there will be a continuing need for professional development for the next four or five years in this area.

Mr RIPPER: Will the Minister have another go at the next Budget?

Mr BARNETT: The member should not read too much into forward estimates. They are baseline projections of minimal expenditures in departments. They do not reflect government policy. There has been a great exaggeration

of the role of forward estimates. It would be better if they were treated in the same context as commonwealth forward estimates; they are simply guides of base level expenditures, if nothing else changes. They do not include all the decisions the Government might make from year to year.

Mr RIPPER: I am amused by the comment because the main exaggerator of the importance of these forward estimates is the Premier.

Mr BARNETT: They are only forward estimates, and far too much attention is given to them in this Parliament. They are the base level from which Treasury will successively develop the Budget.

Mr RIPPER: Perhaps the Minister will talk to the Premier about that, because he trumpeted the forward estimates as the four year financial plan in the run-up to the last state election.

Mr MacLEAN: I refer to the first of the major initiatives listed at page 287. Independent schools are quite successful with single campuses for K-12 teaching institutions, and they are also moving to middle schools on shared campuses. Does the department have any liaison with independent schools on the middle school program it is introducing now, the one it intends to introduce and the benefits of shared campus facilities?

Mr BARNETT: There are some examples now of shared campus facilities between government and non-government institutions. It is not wishful thinking, but in the last 18 months there has been far more dialogue between the government and non-government sectors on a range of issues. Both sides have recognised they do not each need to reinvent the wheel on every philosophical or planning issue. We are getting a lot of cooperation, and the Education Department sees itself more as a school system, acknowledging that it does not control the whole deal. I am pleased with the way it is going. For example, non-government schools, along with the government schools system, have very strong ownership of the Centre for Excellence in Teaching at Fremantle. The divide between the two is breaking down.

Mr RIPPER: We are advised that \$1.5m has been set aside for curriculum support materials, but that seems suspiciously similar to the \$1.5m allocated for professional development. Is there a misunderstanding in that matter? I distinguish between professional development for teachers and curriculum support materials for them to use in schools. What is the second figure?

Mr ALBERT: The second figure, which is distinct from the \$1.5m for professional development, is for the preparation of the curriculum framework itself and the base materials necessary for schools to commence implementation of the curriculum framework. The support materials being prepared at the moment are about how to design programs around the curriculum framework, what resources will help a school adopt an outcomes approach to the development of teaching and learning programs, and the resources currently available. Those projects are under way. They are fairly limited because it is anticipated that the schools system will bear the full cost of more detailed material.

Mr RIPPER: What is the allocation?

Mr ALBERT: An amount of \$1.5m, which is included in output 1 for curriculum implementation and maintenance. An amount of \$1.5m is allocated for professional development, and the remainder is for curriculum maintenance and implementation.

Mr MacLEAN: My question relates to the fourth of the major initiatives for 1998-99. Are any schools using the new student reporting process and how successful have the schools been in gaining parent acceptance?

Mr BARNETT: Is the member referring to student outcome statements?

Mr MacLEAN: Yes, are any schools using them?

Mr ALBERT: It has been trialled by the Education Department in a number of schools. At the moment, the council is negotiating with the Education Department, the Catholic Education Office and the Association of Independent Schools on exactly how they will report implementation of the curriculum framework back to the council. The student outcomes statement approach will be the Education Department's method of reporting.

Mr BARNETT: In the area of literacy, following the recent agreement of Education Ministers, from this year there will be universal testing starting at year 3 and reports will be made to parents. It may not work perfectly in the first year, but universal testing and reporting back to parents will be carried out in years 3, 5 and 7 in this State.

Mr MacLEAN: The student reporting outcomes for the Curriculum Council have changed significantly from the previous reporting process. Has there been feedback from parents about their acceptance of the new process?

Mr ALBERT: Not that I am aware. The Education Department is currently responsible for that. The Curriculum Council does not have that information, and it can come only from the Education Department.

Mr RIPPER: I imagine that the review of post-compulsory education will have an impact on selection for tertiary education. When is it anticipated that the review will be completed and when will any changes recommended be implemented?

Mr ALBERT: The review has commenced. Detailed work will be carried out between now and August. We are forming a number of working groups. We hope to release a paper for public discussion in term 4 in September and in term 1 of the following year. During that time, there will also be information sessions, discussions and focus groups. The council sees that as an opportunity to get people's views. From May to July the council will negotiate with major universities, major TAFE institutions and the Government on the changes required for post-compulsory education. The council is required by its Act to take account of the impact of its decision on schools and has set a long term phased-in implementation process for that.

[3.00 pm]

**Division 22: Resources Development, \$22 071 000 -**

[Ms McHale, Chairman.]

[Mr Barnett, Minister for Resources Development.]

[Dr D.R. Kelly, Chief Executive Officer.]

[Mr R. Atkin, Manager, Finance Branch.]

The CHAIRMAN: I reinforce that the questions are to be directed to the Minister and that advisers will only speak with the concurrence of the Minister.

Mr BARNETT: Resources Development is a coordinating agency for major projects. It is not a large agency compared with many in government. However, because of the project nature of its work, there is a lot of volatility in funding levels. Much of that allocation of funds to the department is called flow-through items; for example, allocations of money to resources development for the purpose of transferring to LandCorp to acquire land at Oakajee. Members should distinguish between capital funds in the Budget and the ongoing administration of the department.

Mr GRILL: I will deal with some gross figures to enable the Minister to make the position clear. He made a general remark about flow-through capital costs. The budget figure for this year is \$22m in round terms. However, on page 1025 the estimated actual amount expended for 1997-98 is \$31m. Referring to page 828 of last year's Budget, the estimate for expenditure was \$23m. The department seems to have expended a sum of money that is almost 50 per cent in excess of its estimated budgeted amount. That figure will decrease to a similar amount for the current year. What brought about that 50 per cent over expenditure and why is that not carried forward into other years?

Mr ATKIN: Primarily, an extra \$10m was allocated for the purchase of land at Oakajee and \$5m for the Cape Lambert Road was delayed, offsetting that \$10m. Another \$3m was allocated for studies for Oakajee, resulting in an increase in the Budget of about \$10m.

Mr GRILL: What money was expended on Oakajee?

Mr ATKIN: There was \$3m for studies and \$10m for land purchase.

Mr GRILL: Were both of those amounts expended?

Mr ATKIN: Yes, that is correct.

Mr GRILL: If those figures are counterbalanced, does that explain the \$10m?

Mr ATKIN: Yes, it does.

[3.10 pm]

Mr GRILL: The first dot point on page 1021 of the budget papers states -

Western Australia's competitiveness as a location for investment in resources and resource processing continues to improve due to energy market deregulation, labour market reforms, enhanced competition and an improved State Government regulatory environment.

While a partial deregulation of the energy market has occurred, it appears from the latest figures obtained that electricity generation costs in the vital area of industrial tariffs have not decreased.

Let us look at a comparison between the industrial tariffs in Western Australia and those in other States. I am not

talking about other tariffs. We appear to have the highest of any State. Taking into account the interconnected grid and the full pricing system in two or three of the eastern States, given that they are able to obtain industrial priced power at very low rates, in relative terms Western Australia appears to have gone backwards, despite the partial deregulation in this State. That seems to be at odds with the fairly rosy picture that has been painted in the first dot point under the significant issues and trends item.

Mr BARNETT: I will comment on that now, although I think it is a matter for the next division. Industrial tariffs on the interconnected grid have not been increased since 1991, a real decline of between 20 per cent and 25 per cent. It has been significant. In the Pilbara there have been quite dramatic declines in the cost of energy. Reference was made to the price relative to those in the eastern States. That is not our point of relative competitiveness. I am not saying it is irrelevant, but we compete internationally. Our competitiveness with the sites in Asia has improved dramatically, including in the energy area.

At the beginning of this general period of deregulation, New South Wales and Victoria went into it with about 35 per cent excess capacity in their generating systems. They have not been building new power generation equipment, as has happened in this State. Since 1995, we have had an expansion in capacity of about 25 per cent. Prices have been stable in nominal terms and have declined at 25 per cent in real terms, and we have expanded the energy sector by 25 per cent, as well as adding a lot of infrastructure. The other States had excess capacity, power stations that virtually were not used and, yes, there have been substantial falls; however, I suggest the jury is still out and we should wait until some of the price controls are lifted in Victoria to see what happens.

Mr GRILL: I am interested in only the industrial tariffs, although I know my colleague sitting to my left, the member for Cockburn, will be talking about the other tariffs later. At the end of 1995-96 - these are the best figures I could get; new figures will come out within a month or two - our published industrial tariff, and as the Minister knows we do not distinguish between our industrial tariff and commercial tariff, was 11.33¢ per kilowatt hour. By comparison, in New South Wales it is 6.57¢; in Victoria 5.96¢; in Queensland 5.64¢; in South Australia 7.66¢; and, worst of all, in Tasmania 3.10¢. We appear to be in the same arena as the Australian Capital Territory where the price is 8.32¢. I know some big companies do their own commercial negotiations directly with Western Power and those negotiations are commercially confidential. In terms of the published tariff for the everyday run of industrial consumers, it would appear that our industrial tariffs are quite out of whack with those in the other States. The Minister has just said that the jury is still out, but I am told that the tariff reductions in New South Wales and Victoria have been quite dramatic. By comparison with some of those reductions, our cost is dramatically higher.

Mr THOMAS: Twice as high.

Mr GRILL: In Tasmania, it is three times as high. If some of the information I have is correct, we are paying three or four times more, depending on the time of the day and the time of the year, than is being paid in New South Wales and Victoria. The Minister says that we do not compete with the eastern States in projects. I am not so sure that is correct. In a whole range of smaller projects we do compete.

Mr BARNETT: That is not a question; it is an observation. Major resource projects around the State generate their own power and in those cases we are looking at tariffs at about 4¢ per unit, which is world competitive, and that is what matters.

Mr GRILL: Is the Minister talking about some of the private operators?

Mr BARNETT: We are down to that sort of level. When compared with 14¢ and 15¢ per unit in Asia, we are a long way in front.

Mr MacLEAN: I refer to the third dot point on page 1022. What is the impact of the current economic realignment with Asia on future projects?

Mr BARNETT: It is hard to be certain about that. Clearly it is making it more difficult for some of the projects to raise the necessary capital or to finalise contracts. We are seeing some evidence of that in liquefied natural gas, and some of the iron ore processing and steel projects. They are facing some difficulties. At the same time, our capital investment in the resources sector is running in excess of \$4b at present, which is close to 60 per cent of resource investment in Australia, double what it was in the early 1990s. The sector is strong. Many people, including those in the media and some who are attached to the projects, underestimate how difficult it is to get a major project underway; not just the planning and the engineering, but the securing of the investment and the market is a very complex process. Many of the more entrepreneurial projects have been a little too inclined to put out press releases about when production or construction will commence, and they lack a little realism about how long it will take to get a world-class project established. Nevertheless, investment is running at a rate at which it has never run before.

Mr MacLEAN: Is that \$4b almost locked in?

Mr BARNETT: That is what has been happening for the past three or four years. It has been at about that level.

Mr MacLEAN: Is any part of that resource development encouraging the development of trade and technology because I imagine with that level of investment we will run out of the main tradespeople who will be required - that is, the welders and boilermakers etc - and if the other projects get up, we will be a little embarrassed by having to bring in people from elsewhere to work on them.

Mr BARNETT: We did commission a report through Worley Limited, which specifically looked at that problem; at the timing of projects and the availability of skilled tradespeople. We maintain a constant watch on that.

Dr KELLY: With that report we were able to alert companies to the possible shortage of skilled workforce people and to urge them to become involved in training. There has been a very welcome, good response from the technical and further education system. We now find a deal of training is being done within that system relating to the mining industry, preparing for the future. Although inevitably there will be some shortage, some steps are being taken to lessen that.

Mr MINSON: I have questions that relate to a number of the points on page 1023. The first is very simple and relates to the rezoning of the land at Oakajee. Has that happened or is it intended that that be rezoned separately, regardless of the An Feng project?

Mr BARNETT: My view is that that land is acquired and will be rezoned for industrial use, regardless of the timetable of the An Feng project. The State is committed to establishing that industrial site at Oakajee so that it will be available to industry; however, we will not commit to building a port until we have a major user for it.

[3.20 pm]

Mr MINSON: That leads me to the other dot points on the same page referring to industrial sites and their future. I have been here for nearly 10 years and we have talked about sites. Governments of both persuasions have always waited for a project to come over the hill, like a fairy godmother, before we made a hard decision and started rezoning the land. The fourth dot point at page 1023 refers to progressing the planning, approvals and acquisition of industrial land in the Pilbara and Karratha areas, optimizing the use of heavy industry land at Kwinana, and the concept of an industrial estate north of the metropolitan region, which I assume is at Ledge Point.

I seek an assurance that we will progressively implement this heavy industry policy by setting land aside, because I am concerned that if a number of fairy godmothers did come over the hill, no land would be available for them. The closer we get to the metropolitan area, the longer it takes and the more ferocious is the environmental movement's opposition. Therefore, if someone had the money and wanted to commence a project now, we would either have to rush the process in an unseemly way, or we would lose the project because we had to wait for five years while we got our act together. I seek an assurance that this policy will be implemented regardless of future projects; in other words, that land will be set aside and rezoned and be available for use in the future.

Mr BARNETT: That is what we intend to do. I agree that industrial sites need to be prepared. The only thing on which we would hold back is major expenditure on capital infrastructure and the like. In that sense, we do piggyback. The Boodarie estate near Port Hedland is now established because of the BHP project. The petrochemical project may well end up at the Maitland estate, which would see that established, again with some public infrastructure. We released studies two weeks ago for the expansion of the Kemerton site. We are currently assessing the options for north of Perth. If all of those things were done, and I would expect that to be completed this year, we would have around the State sites that were zoned and available for industrial use, some of which were developed and some of which were yet to be developed.

Mr GRILL: The Minister would appreciate probably better than most people that the challenge is to develop downstream processing, value adding and appropriate manufacturing in Western Australia. I put it to the Minister that the relatively high cost of electric power in Western Australia is a major disincentive for small, medium and even large size downstream processing, value adding and manufacturing companies to relocate to this arena. I appreciate the fact that the large resource projects are probably locked into Western Australia geographically, but the high cost of electric power in this State appears to be a major disincentive for relocation, and in some ways the Minister is a bit too complacent about that.

Mr BARNETT: That is a view that you may have. I do not accept that view. I am not about having anarchy in the energy markets. I am about having results and stability of supply. You touted the case of Victoria. I am sure it has not escaped your knowledge that Victoria was unable to meet peak demand last summer and the generators refused to supply.

Mr THOMAS: That is a good case against privatisation.

Mr BARNETT: It is an issue about how we manage it. Had members opposite progressed in government and built the 600 megawatt power station at Collie, we would have a huge energy cost problem in this State.

Mr GRILL: That is very debatable.

Mr BARNETT: I would strongly debate that.

Mr GRILL: Our understanding is that that generation plant will come on stream with some of the lowest cost electricity in Western Australia.

Mr BARNETT: Yes it will, but had you laden the State with that capital obligation, the debt burden on Western Power and the State would have been enormous. It does not matter whether it is the cost of fuel, the cost of labour or the debt burden. It is the total cost.

Mr GRILL: You know as well as I do that it would depend on how it was financed.

Mr BARNETT: The reality is that the Labor Party could not finance it and could not put the deal together. I would be a bit circumspect -

Mr GRILL: That is just being gratuitously political. You have a problem with high power costs in this State, and all you want to do is endeavour to link it back to something that happened or did not happen five years ago. You need to explain what you will do about power costs in this State.

Mr BARNETT: Power costs have fallen by 25 per cent under this Government. They have fallen by 50 per cent in the Pilbara. We have had a dramatic expansion in pipeline and power generation capacity throughout this State. We have not made a mistake. You wanted to rush in and do all sorts of things. You promoted all sorts of different strategies on pipeline sales and all the rest of it.

Mr GRILL: Which you adopted!

Mr BARNETT: I did not adopt your policy. You wanted to hand the pipeline licence away, at no charge, and had you done that, it would have cost the State up to \$1b.

Mr GRILL: Is it not correct that you had to bring forward the proposed deregulation program for gas this year?

Mr BARNETT: We chose to do that. We did not have to do that.

Mr GRILL: You brought it forward.

Mr BARNETT: Yes, we did, and quite deliberately.

Mr GRILL: You were forced to bring it forward.

Mr BARNETT: We brought it forward because it was progressing well and we had reached the stage where the inventory of unsold gas was declining and where AlintaGas was, not surprisingly, trading profitably. I well remember the member for Eyre telling me that AlintaGas would not be able to trade profitably. I am a cautious person. It had two years of profitable trade. It was meeting the market. The market was growing. Therefore, I had the confidence to take another step.

Mr GRILL: I told you that you would load the cost onto the bottom end of the market, and that is exactly what you are doing.

Mr MacLEAN: I refer to the fourth dot point at page 1022. The impact of conflicting legislation between State and Federal Governments is causing a fair bit of concern. Is any action being taken to have liaison between state and federal bodies before legislation is introduced that will impact upon state resources in particular?

Mr BARNETT: The native title legislation creates its own unique set of large problems. In environmental areas, there is now far greater understanding between the Commonwealth and the State than was the case a few years ago. One area that is relevant is offshore and commonwealth waters, where I do not believe we have the right relationship at this stage. There are differing regimes between state and federal law depending on where the gas or oil reserve is located. That is an unnecessary complication, but that will be difficult to resolve given the enormous values of those resources. We are sorting that out bit by bit.

The Commonwealth sometimes has a misguided view about what it does with regard to resources development. For example, it is very quick to tell companies and overseas investors that they have project facilitation status and all those sorts of things, but that is not within the Commonwealth's jurisdiction, and that confuses overseas investors who do not understand the ownership of resources between the Commonwealth and the State.



Mr GRILL: We will agree on that.

Mr MacLEAN: The Federal Government has indicated that it may sign the multinational corporations agreement. How will that affect State Government resources development and what action is being taken on that matter?

Mr BARNETT: That agreement is about foreign ownership and preference for foreign companies and the like. There is a fair bit of concern about that in some circles. I will answer that question a bit obliquely. My concern is that in many areas the Australian Government does not have a properly developed resources policy. In particular, it does not have a sufficient awareness of the importance of ensuring Australian participation in both contracting and supplying, and, more importantly for the future in terms of Australian ownership, of making sure that in the petroleum area, for example, reserves are held for Australian domestic and industrial development. I am a bit disappointed in the level of resources management policy at the commonwealth level. The Commonwealth has a fair bit of work to do, and it should be very careful about rushing into so-called agreements that might hinder our industrial development.

[3.30 pm]

Mr MINSON: Following my earlier questions about a number of points at page 1023, there has been a problem for some time with respect to the protection of industries. A half-hearted attempt was made to fix it, but I would like to know if the Minister is happy with the protection of industries and the buffer zones which surround them. Under the environmental protection legislation it is possible for someone to build within a buffer zone and then complain about the noise and smell, which could lead to the closure of the industry. I have grave misgivings about that. The matter should have been attended to early in our term in government. Some changes were made but they did not fix the problem. Does the Government have any plans to sort out the problem?

Mr BARNETT: Action has been taken to extend the buffer zone at both Kemerton and Oakajee beyond the original plan. We should make decisions very early on industrial sites. If it is necessary to acquire the land it should be negotiated. One proposal is that it may be possible to acquire development rights to compensate for the loss of development opportunity. In theory that sounds fine, but I am a little sceptical. It may be easier to acquire the land and either rezone it or sell it or lease it back. I agree with the sentiment. It is critical to put in the buffer zones early.

Mr GRILL: I did the initial negotiation for Kemerton. David Parker and I did the follow-up negotiations to set up the park. We made specific commitments to the local government authorities in the area and to the community about environmental protection. I think the director was involved in those negotiations; I remember arriving in Harvey by helicopter on more than one occasion. People living in the area have real concern that those commitments are not being met now; that the environmental envelope is being exceeded; that construction will take place on some of the sand ridges which hide the industrial park from view from the highway, and that there will be a general decline in environmental standards in the area. The Minister is aware of the agitation that has taken place, and will have read articles in the south west newspapers. I would be concerned if the commitments made by the Labor Government were not being kept now, in the interests of expanding the site, and that building will occur on the sand ridges, which would expose the industrial area to view for miles around.

Mr BARNETT: I do not know if the member has seen the study plans in detail, but the expansion of Kemerton has taken into account that topographical future. The development is to the east of the ridge, for that reason.

Mr GRILL: Some of it goes up onto the ridge.

Mr BARNETT: The landholders and property owners have a direct and vested interest in it, and quite properly; but given the significance of the changes, the studies released two weeks ago have been generally well received in the south west.

Mr GRILL: I have not seen the latest studies.

Mr BARNETT: There has been a lot of consultation on the expansion of both the core and the buffer zone. If the member reads the latest studies he may be satisfied on the ridge issue. The original plan was to go over the ridge, but the final design is to remain behind the ridge.

[3.40 pm]

Mr GRILL: That might satisfy those concerns.

As the Minister is well aware, this Budget is premised on the success of the resource sector in Western Australia. Last week he and I had some cross-Chamber discussion about a range of projects that are in the offing in Western Australia at present. It appears that the time line has slipped for a majority of them and that several of them may have problems getting off the ground. I referred to the Beenup project which is off the ground and producing, albeit at half capacity.

Mr BARNETT: It is producing at 40 per cent.

Mr GRILL: An article appeared in *The West Australian* of 22 May, I think the day after I spoke, which seems to underline the fact that, given the Asian crisis and the world resource market, which has been slipping for some months, we do not have much room to be optimistic about some of these investment projects which add up to a few billion dollars. If the Budget is premised on the basis of the success of the resources sector and the investment flowing to it, a number of the calculations upon which the Budget is based are not correct. Does the Minister have any comment?

[3.50 pm]

Mr BARNETT: Given the large scale of resource projects in this State, if the Asian crisis has had an impact, it is has not been immediate in terms of a cutback in production and therefore a loss of royalties. There is no doubt that the crisis is probably the most significant international problem we have faced since the 1987 share crash, the OPEC crisis and the exchange rate instability in the 1970s. These outside interferences happen. Some of the more entrepreneurial projects were inclined to announce and give an impression that they had made more progress than they had in reality. The member would probably agree with that. The LNG projects have slipped a little, but I am confident that they will go ahead.

Where our resource projects are low cost producers, and typically they are, some of the difficulties in commodity markets will drive out some of high cost producers. We may come out of this with bigger market shares and in a stronger position. It is not a good thing for Australia, but we should not forget the fall in the value of the Australian dollar, which has been dramatic in terms of the competitiveness of Australian exports.

Mr GRILL: The gold sector will not do as well in forthcoming years as it has in past years. Have we seen any fall off in exploration due to the combined effect of lower prices and native title?

Mr BARNETT: It is a difficult time for commodity exports.

Mr GRILL: Have we seen any fall off in exploration? The great preponderance of exploration dollars spent in this country is spent in Western Australia in the goldmining industry.

Mr BARNETT: In more recent months there has been a falling away.

Dr KELLY: That is the advice we have. There are no firm figures at this stage, but there is anecdotal evidence that the level of exploration, particularly for gold, has fallen away in recent times. There is capacity in the drilling and exploration industry that has not been evident previously.

Mr GRILL: The drilling yards around Kalgoorlie-Boulder have many drills laid up. Page 1022 contains reference to Western Australia's becoming the nation's premier oil and gas producer. Our direct revenue from oil and gas production is from royalties. It is correctly indicated that the challenge to the State is to achieve maximum benefits for the Western Australian community through local industry participation and to achieve a share of taxation revenue. I presume that the great majority of revenue from petroleum production is now going to the Commonwealth Government.

Mr BARNETT: Many of the new projects fall into that category. The new and prospective projects are in commonwealth waters.

Mr GRILL: Is that progressive?

Mr BARNETT: The industry is moving out to deeper water and further north and, therefore, out into the territorial sea and commonwealth waters.

Mr GRILL: What steps are we taking to set up a revenue sharing arrangement?

Mr BARNETT: There have been discussions, particularly relating to the Gorgon development.

Mr GRILL: Do they look like coming to fruition?

Mr BARNETT: Something will come out of it. I do not believe that the Commonwealth is interested in royalty sharing. However, it faces an ironic situation, because the Scott Reef resources are in Western Australian waters. That will not make the Commonwealth very happy. We should have a common royalty taxation regime regardless of the location of the deposit, and the sharing between the Commonwealth and the State should vary. Under the rent resource tax we could get significant oil and now gas developments that may lead to little or no income for Australia at any level of government.

Mr GRILL: It has always seemed to me that the rent resource tax is a better way of taxing rather than a straight

royalty. Several regimes are currently in place in Western Australia. At least the smaller marginal fields were fully and properly developed with the rent resource tax. They probably will not be with a straight royalty.

Mr BARNETT: The theory is that a royalty is production related and therefore an input cost to the project. On the other hand, a rent resource tax is taking away an extraordinary profit. There are clearly deficiencies with both. I believe, and Dr Kelly probably agrees, that we would be better off with a hybrid arrangement and a base level of royalty applying to all production, with a component for Australia so that it can collect rent from very valuable, high quality fields. It is unacceptable to see oilfields developed without anything being paid for the oil or gas. That can happen under the rent resource tax. It has happened and can happen in the near future.

Mr GRILL: That cannot happen without commonwealth cooperation.

Mr BARNETT: It cannot happen in commonwealth waters.

Mr GRILL: Would not a tax of that type be deemed an excise in our waters?

Mr BARNETT: The member could be right. That structure of the taxation plus common rules across all territories should be our aim.

Mr GRILL: Another development that concerns me is the way companies now seem to be developing offshore fields. As the Minister said, they are going further out and are using offshore storage facilities. In that event, we may pick up very little from these projects unless we can come to some cooperative arrangement with the Federal Government.

Mr BARNETT: I agree; that is a concern. That highlights issues such as the concrete gravity structures, even floating structures. There is the real prospect of very low levels of Australian content in some of those projects. There is not much we can do. The department works with the Chamber of Commerce and Industry, the industrial supplies office and so on. However, if a project is in commonwealth waters, I, as Minister, have no jurisdictional powers. We cannot do much. We must rely on goodwill and good relationships with the companies. We have those good relationships but, at the end of the day, there is little we can do.

Mr GRILL: I have previously indicated that I was concerned when I read the book *The Sea of Indifference* from the Federal Parliament. It stated that local content was being calculated on the component of the project that the developer considered could be constructed in Australia. That startled me. I presume that the Minister did not comment on my concerns because he wanted advice. If it is true, it is alarming because many of the figures we have used are incorrect. If it is not true, it should be corrected.

Mr BARNETT: There are two pieces of information: First, the proportion of the total project that is Australian. However, if some parts of the project can never be built here, that could be taken into account. We should have two sets of figures: The proportion of the total project and the proportion achievable. That is a better basis for comparison. The department works on the proportion of the total project. Because it presents a more flattering position, some companies prefer to publish figures detailing the proportion they see as possible. Both tell us something useful and both should be considered.

Dr KELLY: That is the way the department approaches it. The percentage of the total value of construction undertaken in Australia is important to us. The challenge is to get as much of that construction done in Western Australia for transport in large pieces to the North West Shelf. If it can come in a large piece from somewhere in Asia, it can come in a large piece from south west Western Australia. We must do that to be competitive.

Mr MacLEAN: I refer to page 1024. It is stated that the aim is to provide whole of government coordination. Some of the complaints received at my office come from small resource developers in outer metropolitan areas and country areas. They complain they have to go through so many government departments, both local and state, and that that ties up too much time. Big companies have a many personnel and can do that, but little companies cannot afford the time and resources. Will this whole of government approach filter down to the small developers and will there be a form of one-stop shop for these projects?

[4.00 pm]

Mr BARNETT: The department typically works on the larger projects; that is, those valued at \$50m to \$100m and above. I agree, often smaller companies and projects find it difficult. The department does often help those projects but does not tend to take them on as a major client. The Government has set up a formal process whereby a project is designated for resource development. We have projects that are so large that they need something in addition to the normal laws of the land.

Those projects are subject to special legislation. The department has helped out with the beta carotene project at Lake MacLeod. It would not normally be taken over by the department, but the obstacles were so great and there

was a conflict with a state agreement. The department cannot normally go to that level, but there is a role for it in trying to make it easier for the smaller projects.

Mr GRILL: I refer to page 1022. Mention is made of resource processing and the necessity to look at options. It must have been a big disappointment to the Government that Rio Tinto decided that the Hi-smelt project should go offshore. Does the Minister have any views on that? What actions did the Minister take in an endeavour to convince the company that that was not the right course? What prospects are there of that technology being brought back to Western Australia in the near future?

Mr BARNETT: Rio Tinto took the next stage pilot plant offshore because the lowest cost method was to tie into existing infrastructure around steel mills. Otherwise it would have had to duplicate a whole lot of other standard processes not in the nature of R and D activities. I did not try to persuade them. Obviously, I would like to see all the R and D activities in this State, but it is probably a necessary step if we are to get a truly commercial size hi-smelt process, which presumably would be in the Pilbara. We must be realistic. We could have held them up and not made progress. I would rather see progress on the R and D program.

Dr KELLY: The hope is very much that following the next stage, which would need to be done overseas, the next step will be to come back to Western Australia and use the process here.

Mr GRILL: What time scale does that involve?

Dr KELLY: I think it will be at least five years from now before any decisions are made to come back to Western Australia with a larger plant.

Mr BARNETT: I understand there will be continuing use of and work on the existing Kwinana plant. It will not stop.

Mr GRILL: I understand they have had a breakthrough with the technology and are on the verge of commercialising it. Is that the Minister's understanding?

Dr KELLY: My understanding is that the whole process has gone very well and it is most encouraging; hence, their decision to go to the next step and prove up on that scale what seems to have been very successful at the research level.

Mr GRILL: I have some questions about the Collie coal fired power station. My colleague, the member for Cockburn, received a letter from the Managing Director of Western Power on 20 February this year, which stated that the higher capital expenditure figure, as reported in the last state budget papers of \$831m, includes several other items. These are: Project management charges and Western Power's own works, \$43.3m; contract escalation due to CPI related increases, \$84.7m; capitalised interest, \$138.9m; and foreign exchange gain, which needs to be taken off those additional costs, of \$10.8m. Which of those additional costs were in fact contemplated at the commencement of the project?

Mr BARNETT: As I said when this issue was raised previously, the contract cost was \$575m, and the total project cost was another \$200m on top. Those figures were public at the time the contract was awarded. There may have been escalation in other items since then, because decisions have been made to build infrastructure, that would allow for 600 megawatts, and a number of things such as that have happened. The project is essentially on budget and is in line with expectations.

Mr GRILL: The line relating to contract escalation, due to CPI related increases, of approximately \$85m, superficially gives the impression of being a contract escalation. People could put other words to it, such as a contract overrun. It might be legitimate within the terms of the contract - I have never seen the contract - and it might be a cost plus contract for all I know. The Minister is not likely to show it to me. On the face of it, it appears there may well have been contract escalation costs of \$85m, which the Government must pick up.

Mr BARNETT: No, Western Power will pick it up. The Government is not putting any money into Collie.

Mr GRILL: Ultimately, the taxpayers will pick it up.

Mr BARNETT: No, they will not. It is a significant point. It is a commercial contract by Western Power, and I am not involved directly in the contract and never have been involved with the commercial aspects of it. Commissioning of that project will start around September of this year and I hope it will be fully operational in January or February next year. I expect Western Power to provide me with a detailed assessment of the full cost of the project, and I will be happy to table that in the Parliament.

Mr GRILL: Can we get the detailed costs at present? Is the Minister prepared to supply that?

Mr BARNETT: I receive regular reports from Western Power on the progress of the project. I must be conscious

of its commercial interests. I will not make it available as supplementary information, but I undertake to look at the information I can provide to the member for Eyre on the costing of the project on an interim basis, and provide full details when it is completed.

[4.10 pm]

Mr GRILL: I take it that the Minister does not have any details with him at the moment.

Mr BARNETT: No, not here.

Mr GRILL: Do any of the advisers have that information?

Mr BARNETT: No; but I get regular reports on the progress and costs of the project.

Mr GRILL: I look forward to some contact from the Minister in that case.

Dr EDWARDS: What role has the department played in the preparation of the regional forest agreement; and what role does it envisage it will play now that three approaches have been published and are out for public comment?

Dr KELLY: The department has been involved in liaison with the companies that have agreements with the State and also the Department of Conservation and Land Management in looking at the regional forest agreement from the State's point of view. We expect that we will continue to be involved in responding to any input at the moment and in finalising the State's approach to the regional forest agreement. It is very important to the bauxite mining industry, in particular, and the mining industry generally to know just how the regional forest agreement relates to the industry; hence, our very close interest in it.

Dr EDWARDS: One comment has been put to me, and this is related to my last question, that state agreement Acts are uncompetitive. Does the Minister see them continuing, or not, and does he see that impacting on the regional forest agreement, given that an area of the northern jarrah forest was covered by state agreement Acts?

Dr KELLY: We do not see agreement Acts as being uncompetitive instruments. It is the way in which the proponent and the State, before a project starts, can understand the rights and obligations of both parties. That seems to be a positive step in making projects in Western Australia competitive on the international scene. People can come to Western Australia with confidence and invest here in these international projects, knowing the rules will not change and that they have some certainty before they make large investments.

Mr BARNETT: Even if bodies such as the Australian Competition and Consumer Commission decide that there are state agreements which in its definition are uncompetitive, we will continue with those agreements. There is an argument that it is uncompetitive to maintain reserves of natural gas for our domestic market. Frankly, I do not care whether it is uncompetitive; we will maintain reserves for our own market. The national competition policy should not be seen as a Holy Grail. In the modern era, agreement Acts very much reflect the deal struck to allow someone to develop a natural resource.

Dr EDWARDS: Is there any possibility that commonwealth legislation to do with the regional forest agreement could override state agreement Acts and present a problem for the State, given that with some regional forest agreements, legislation is required in other States?

Dr KELLY: That is a legal question. I am not sure what would be the outcome if tested in a legal situation. It is my understanding that the agreement Act and the fact that the company has an agreement with the State give it rights in this regional forest agreement area. Certainly we will be alerting the Commonwealth to the fact that the regional forest agreement should not contravene an agreement between the State and a company.

Mr GRILL: I refer to the fifth dot point on page 1022 which states that increasingly, decisions regarding mining and minerals processing in Western Australia are made beyond its borders, especially where corporate headquarters for major corporations are located in other countries. Similar remarks were made by officers under the jurisdiction of the Minister for Commerce and Trade this morning. Dr Sue Meek was saying that, in terms of seeding funding and venture capital, Western Australians were finding it hard because the decisions about funding were being made in the eastern States or overseas. We have had a couple of successes in companies setting up here, of which the Woodside group is probably the most notable. The Coflexip move was probably a success, not in terms of its office, but its plant. First, have we had any other successes, and what are they? Second, what are we doing to ensure we have continued success in that arena?

Mr BARNETT: Some of those that come to mind include Alcoa of Australia Ltd shifting a lot of its operations for the management of its alumina business; BHP Petroleum Pty Ltd; the Chevron group which is heading across here; and Epic Energy Pty Ltd which is establishing a significant presence. In the oil and gas sector we have had quite a few successes. The focus in that industry is in Western Australia, not just in exploration and development, but in a

management and design sense. The number of successes varies, of course. We are in a world market, dealing with international companies.

Dr KELLY: We have had a mixed result in the trend towards globalisation. The positive aspects include the Woodside group moving to Western Australia. That has been a good step forward. In regard to the restructuring of major companies, such as Alcoa or Rio Tinto Exploration Pty Ltd, it is good news and bad news. With Hamersley Iron Pty Ltd we now have the worldwide iron interests based in Western Australia. However, diamonds, for example, are now being organised out of London, whereas a few years ago they were organised out of Australia. In the case of Alcoa, we now have the worldwide alumina business based in Western Australia where previously it was in Pittsburgh. It is a mixed result, but there are some advantages coming to Western Australia out of this worldwide change.

Mr GRILL: Coflexip Stena Offshore Asia Pacific Pty Ltd was a notable success in another sense. It was achieved by providing some major incentives to that company to relocate here.

Dr KELLY: That company is in the next band down from the primary resource developers, the manufacturers of some important infrastructure to support the resources industry. There are prospects of getting those groups to Western Australia; hence, the Jervoise Bay development to which one would hope to bring some world-class players to base in Western Australia to support our local industry and to support industry elsewhere in Asia.

Mr GRILL: Is that by way of infrastructure provision?

Dr KELLY: Yes.

Mr GRILL: Was the Coflexip relocation by way of direct incentives?

Mr BARNETT: That was handled by the Department of Commerce and Trade, but Coflexip received direct subsidies.

Mr GRILL: Has the ministry looked at the prospect of putting together packages similar to those that have been very successful in Singapore - that is, taxation and incentives packages - to attract companies to come here? I suppose Jeff Kennett, in his own way, has done it in Victoria in the sporting and entertainment sectors, rather than in the resources development sector. Outside of the Coflexip arrangement, have we gone down that track, are we likely to do it, and is this department and Minister prepared to do it?

Dr KELLY: If we are talking about resource development, rather than services to that industry, we have taken the approach of trying to secure land for the projects ahead of time and also trying to do something to initiate the services to that land so that they can be available when the projects are ready to go, rather than the approach taken in the past which was to do that after the companies had committed to a project. That seems to be the best incentive we can give to overseas companies to invest here, rather than other things, such as taxation which is not available for us to give.

Mr GRILL: While we are talking about land, what is happening about Breton Bay? Is the department moving back towards considering that seriously as an industrial site?

Mr BARNETT: It is fairer to say that we are looking at keeping our options open on Breton Bay, given that a major commitment is to see Oakajee develop, and that Oakajee and Kemerton in the southern part of the State will be the focuses for perhaps the next five to 10 years. We are trying to ensure that in the future we have the option of Breton Bay. I expect we will make some progress on that over the next few weeks and months.

Mr GRILL: How much money is set aside this year?

Mr BARNETT: I think \$1m is in the Budget, which is a nominal amount if we do start to do something at Breton Bay. That will be for land acquisition purposes.

Mr GRILL: I brought up this question in the Parliament last week: Is it correct that you have promised \$25m for a port development at Oakajee but only \$1m has been allocated this year? That is the best information that I can obtain, and in the event that that is correct, the allocation of \$1m does not appear to fit in with the timetable of An Feng Kingstream.

Mr BARNETT: The allocation is for the drilling program, and our arrangement with Treasury is that if the An Feng Kingstream project goes ahead, we will have a capacity to fund our share, whatever that may be, but the allocation will be to fund the interest component. In other words, however structured, we may borrow on the market, and Treasury will meet the interest cost.

Mr GRILL: That does not necessarily need to be shown as a capital outlay?

Mr BARNETT: If, for example, the State put \$80m into the Oakajee port, you would not see an amount of \$80m but you would see eventually in the Budget perhaps a \$10m a year interest subsidy.

Mr GRILL: To service the capital?

Mr BARNETT: Yes.

Mr GRILL: So we would look not for a capital amount but for a servicing cost?

Mr BARNETT: That is the thinking at present.

Dr KELLY: Apart from the port investment, there is \$25m in the Budget over the next five years for other things which form part of the agreement, such as extending the water supply, the road and the railway, and that would be expended over that time, provided the project went ahead.

Mr GRILL: That is the Geraldton-Oakajee railway?

Dr KELLY: Yes.

Mr GRILL: I turn now to the Pilbara petrochemical plant. Has that reached feasibility study status?

Mr BARNETT: No.

Mr GRILL: When do the expressions of interest close?

Mr BARNETT: The expressions of interest have closed; a recommendation is about to go to Cabinet on the preferred proponent; and if that is adopted, it will be announced and the full feasibility study will get under way.

Mr GRILL: That will go to Cabinet in the next few weeks?

Mr BARNETT: Yes. A memorandum of understanding between the Government and the proponent - Woodside - will then be signed, and the proponent will then have an obligation to undertake a detailed feasibility study, negotiate with other potential participants, and the like.

Mr GRILL: What is the projected time line for the feasibility study?

Mr BARNETT: Twelve to 18 months. All going well, we would be looking for construction start up in 1999-2000.

Mr GRILL: Depending on the feasibility study?

Mr BARNETT: Yes.

Mr GRILL: Given the experience of BHP in cost overruns at Port Hedland with its direct reduced iron plant, can you say with any certainty that the old bogey of high and excessive construction costs in the Pilbara has been overcome in the context of a petrochemical plant?

Mr BARNETT: The situation is a lot better than it used to be as the infrastructure in the Pilbara has developed. It depends to some extent upon to whom one speaks, but the higher costs for the DRI plant cannot be put down to higher construction costs. The explanation upon which I place most credence is that the plant was over designed, and the necessity to meet that specification raised construction costs beyond what was anticipated.

The technology that is required to build a petrochemical plant, big as it may be, is well understood. We are not talking about anything particularly novel, other than the fact that it will be modern and use the latest technology.

Mr GRILL: Another story is that perhaps the technology is not appropriate either. Have you heard that story?

Mr BARNETT: The design and the technology have been the problem with the DRI plant. It is not so much that it has cost more to do a particular job.

Mr GRILL: Who does the performance measuring within the department? Is it done in-house?

Dr KELLY: No. We apply a series of performance measurements to the Department of Resources Development. Some of those are internal, but the majority are external and are by way of the results of questionnaires, approaching our client companies, and approaching the Minister's office for an opinion. Wherever possible, we get opinions from outside the department on its performance.

Mr GRILL: Is your client base polled; and if so, by whom?

Dr KELLY: It is polled by a professional company. We have changed the company, and I cannot remember its name, but I will advise you about that. The other step in the process is to get Arthur Andersen to audit the department's records that relate to performance, and also to express an opinion on the calculations of performance and authorise that they have been done properly.

**Division 23: Office of Energy, \$12 314 000 -**

[Mr Sweetman, Chairman.]

[Mr Barnett, Minister for Energy.]

[Dr L.A. Farrant, Coordinator of Energy.]

Mr P. Stewart, Senior Finance and Administration Officer.]

Mr G. Gilbert, Manager, Corporate Services.]

Mr MINSON: Page 380 refers to renewable energy, efficient energy use, and so on. I notice also that rebates will be provided for the installation of renewable energy remote area power supplies, etc. To what extent are we attempting to harness renewable energy sources such as wind power and solar power? The coast of Western Australia from Carnarvon down appears to have innumerable good sites for wind and solar powered energy generation. That could be coupled with the agreement that has been made by the Federal Government to reduce our greenhouse gas emissions, which means that we need to get fairly serious about this matter. Can we have an update on what is happening in this area?

[4.30 pm]

Mr BARNETT: The Kyoto greenhouse obligation is to have 2 per cent renewable on the grid, which is fine if the grid covers the whole State, but that is not the case. The greatest need for renewable is off the grid in this State. The remote area power scheme has been highly successful. We have been delighted by the rate of uptake. There have been about 100 installations of hybrid systems over 18 months or so, most being in the mid west and the Murchison. However, the applications off grid are systems such as the Ord hydro, the tidal power station at Broome and wind applications at Esperance, and the like. We hope we can have a redefinition of the target because our need is off grid.

Dr FARRANT: As we speak, a forum is being conducted in Perth on the issue of the 2 per cent renewable commitment that the Federal Government made prior to Kyoto. It was not made at Kyoto. That forum is examining many issues which flow from that sort of commitment. The commitment is for 2 per cent additional on the grid connected power across Australia by the year average 2010. In Western Australia grid connected power is dominated by Western Power currently; although a large number of private players are connected, but the amount of power they put into the grid is not so large.

The steps that Western Power is taking to pursue that objective of 2 per cent additional on renewables include a thorough examination on a commercial basis of the tidal scheme proposed for the north west, and further wind generation sites on the mid west and south west coast. Wind generation sites require a considerable gathering of data to determine whether they will be attractive commercial opportunities for Western Power. Western Power has committed to funding the gathering of the data, which includes the installation of wind measuring towers, and the like. The private sector has an opportunity to contribute renewable energy into the grid. Currently, the arrangements that Western Power offer on buyback prices are not attracting a large number of private entrants to contribute renewables, but one option available to Western Power and anyone else operating grids is to offer a more attractive price and attract more generators from the private sector.

The Minister mentioned the renewable activity in remote areas. I confirm that at 19 May some \$745 000 had been provided by way of grants to assist remote area power systems throughout the homestead and areas off grid. That has triggered something approaching \$1.5m of total investment, and at least another \$180 000 is already committed to continue that program with individual approved installations. The budget numbers provide for \$500 000 a year to be provided in additional grants for that purpose alone.

Mr MINSON: I am interested in the economics of this issue. We have been fighting for a long time to reduce energy costs. We will always have that fight, but we do not have a Snowy River to harness. I understand that the Federal Government is offering green incentives. I have not researched this. Is that correct, and would it make it more attractive to the private sector to install wind and solar generating equipment?

Dr FARRANT: With respect to greenhouse issues and the encouragement of renewables, the Federal Government has provided something like \$180m in forward expenditure over the next few years from its Budget to encourage those issues. Relatively minor parts of that are available to support individual projects. A large bucket of money will not come from the Commonwealth in this area.

Mr THOMAS: I refer to the first point under significant issues and trends at page 380. The statement is that the micro-economic/structural reform of the electricity and gas sectors continues both in Australia and overseas, and competitive markets are still developing within Australia, with the final market model(s) to suit WA circumstances



still to be decided. Reference is made to competition in a number of places throughout those points. The output statement also refers to competition, but there is no statement relating to the objective of the competition. Perhaps it is so obvious that it is unnecessary. Is the objective to lower energy prices?

Mr BARNETT: The objective of competition is to increase the number of participants in the market place, both as customers and producers; to increase the volume of economic activity; and to lower prices.

Mr THOMAS: So the object is to lower prices?

Mr BARNETT: I have just gone through the three objectives, and one is to lower prices.

Mr THOMAS: The second is competition and the third is to lower prices -

Mr BARNETT: I suggest that the member read a first year economics text.

Mr THOMAS: So far, the policy has failed dismally. Earlier, the member for Eyre quoted industrial energy prices. The domestic energy prices vary between the States: In New South Wales, it is 9.58c per unit; in Victoria, 12.23c per unit; Queensland, 9.76c per unit; South Australia, 11.32c per unit; Tasmania, 9.14c per unit; ACT, 8.36c per unit; Northern Territory, 13.31c per unit - averaging 10.61c per unit throughout Australia. However, in Western Australia it is 14.08c per unit. By a substantial margin this State has the most expensive electricity for residential consumers. The Minister's competition policy is not working. Is it his intention to do something about it, so that Western Australian prices move down to those paid by other Australians?

Mr BARNETT: For obvious reasons we face some disadvantages in power generation and distribution. We are not interconnected with other States. We have lower quality and more expensive coal reserves; our gas is transported over enormous distances, and our grid system covers only the south west corner of the State. They are the facts of life. We have no low cost hydro scheme in the middle of the grid -

Mr THOMAS: Nor does South Australia.

Mr BARNETT: It is being interconnected. South Australia has a population base built around the gulf. It does not have significant communities outside that. For historic reasons, our energy costs are high, but they are coming down. The Government is keen to see the costs continue to come down.

Mr THOMAS: Nevertheless the document does not contain a statement that an objective is to lower energy prices.

Mr BARNETT: We stand on our record. The member may be dissatisfied, but the energy costs for businesses and households have come down significantly during our period in government.

Mr THOMAS: They were coming down before that too, and that is good. If I were Minister for Energy I would not think it was acceptable that Western Australia has by a significant margin the most expensive residential energy costs in Australia. People are not happy about that, and they can justifiably ask what is the Government's intention.

[4.40 pm]

Mr BARNETT: We could lower energy costs overnight if we abandoned the uniform tariff policy. We are not about to do that.

Mr GRILL: If you abandoned the uniform tariff policy, the cost would immediately go up in remote areas.

Mr BARNETT: Yes, but it would very much lower the average cost of electricity.

Mr THOMAS: It would not lower the average cost; the cost would be the same. It would increase the price for some people by definition. Your maths are wrong.

Mr BARNETT: The denominator is not the same in both calculations for making that comparison. The cost of the uniform tariff throughout the State is in the order of \$160m. That is a huge cross-subsidy both on and off the grid. The quickest way to reduce tariffs, if that were the sole objective, would be to abandon uniform tariffs. It would be \$160m off the cost structure of Western Power in one hit. We are not about to do that. Do you advocate that?

Mr THOMAS: It would not affect the average.

Mr GRILL: It would do something for the average consumer, but it would not do anything for the average price. It is semantics.

Mr BARNETT: It would have a huge impact.

Mr THOMAS: The Minister might be a notable economist, but he is not much of a mathematician.

I refer to outcome 1 at page 386, which is the most important piece of information that I am concerned with. I assume this is the basis on which the Minister acts on advice in relation to energy policy generally, including the Government's energy business. Unlike most of the provisions in these developments, the performance measures for output 1 have not been included and are noted as "being developed". What performance measures will be considered? Will the Minister consider, as a performance measure, the lowering of energy prices in this State? That is what people want.

Mr BARNETT: I accept that a lower energy price is probably the most important performance criterion in the energy sector, but it is not the only criterion. The Government's policy emphasis has been on expanding the energy infrastructure in this State. We have done that successfully.

Mr GRILL: You have adopted only a few of the recommendations of the Carnegie report; others you have not accepted at this stage. Some of the recommendations that you have not accepted, if implemented, would bring down the cost of power. It would also create a much more competitive scene in Western Australia. Why have you not implemented those other recommendations of the Carnegie report?

Mr BARNETT: I do not know that there is any obligation to accept all of them. Can the member be more specific about the recommendations he thinks I should have implemented?

Mr GRILL: I am referring to the separation of generation and transmission operations and the breakup of the generation facilities so they compete against each other as they do in other States. Are you opposed to that?

Mr BARNETT: As you know we broke up the State Electricity Commission of Western Australia into gas and electricity; we privatised part of the pipeline; and we are in the process of selling the Bunbury power station.

Mr GRILL: They were the first level objectives of the Carnegie report.

Mr BARNETT: They have been done.

Mr GRILL: How do you respond to the accusation that you have been dilatory in implementing deregulation in this State?

Mr BARNETT: I do not believe that. We are miles ahead with deregulation of the gas market compared to the rest of Australia. We are preserving Western Power as a viable, but small utility. We hope that most of the new generation of capacity into the south west of the State will be private generation in the years to come.

I am not trying to make a political point, but had the Collie power station been built at 600 megawatts there would have been no prospect of private generation for at least the next five years. We have co-generation underway. We would like to see more independent power producers, and I hope the sale of the Bunbury power station will achieve that.

Mr GRILL: Do you reject the other recommendations of the Carnegie report?

Mr BARNETT: I have not thought it appropriate to split up Western Power. However, I do not rule out anything in the future. I make decisions and act on them. I do not make decisions years in advance or publish reports and do nothing.

Mr GRILL: It took you ages to make up your mind about selling the Dampier to Bunbury gas pipeline.

Mr BARNETT: But we got it right.

Mr GRILL: A year after we did.

Mr BARNETT: We got the money and looked after the public interest; something you would not have done. You did not have a policy for looking after the public interest.

Mr GRILL: You adopted our policy. You were tinkering with selling only part of it at one stage and even that was a minority interest. You are not being consistent.

Mr BARNETT: I am because your policy was limited to whether you sold 100 per cent of the pipeline. The issue was to preserve and protect the public interest.

Mr GRILL: In the end you adopted our policy, only two years too late.

Mr BARNETT: We got \$2 047m for it, how much would the Labor Party have got for WA? It would have got very little; it would have mucked it up like every other deal it touched in the 1980s. You hate it because we sold it and got \$2 047m for it.

Mr THOMAS: If you want to know what to do give us a ring.

Mr BARNETT: Many people were pleased they were dealing with a Liberal Government on that privatisation.

Mr GRILL: Many people were very unhappy about it.

Mr BARNETT: They did not like paying top dollar.

Mr THOMAS: The Australian Competition and Consumer Commission had something to say about it.

Mr GRILL: Was not part of your process ruled illegal?

Mr BARNETT: No.

Mr MacLEAN: I refer to dot point 3 at page 381. What projections are there for the growth in alternative energy technology and what impact would it have on Western Power's country supplies.

Mr BARNETT: The issue of remote power stations has been contentious within the Government not to mention anywhere else. A proposal will go to Cabinet shortly. That will see a process of competitive tendering for power supplies in remote areas. We hope some of the successful tenders will involve renewable energy. The remote area power scheme has been successful in encouraging small scale projects not only because of the subsidy but also because they have been used and proved and are now being copied by other people. It is a small but growing industry. With the Centre for the Application of Solar Energy here, we have good prospects.

Dr FARRANT: One of the areas funded through the allocation of grants in this State is the Alternative Energy Development Board which provides a means of putting funds into the demonstration of as well as research into renewable energy. Almost \$1m in grants will be in place at the end of this financial year. In addition I expect almost another \$500 000 to be granted in the subsequent year. A substantial amount of funds is being provided for both the demonstration of renewable energy and the research areas of renewable energy in this State. This is a contribution to bringing forward more renewable projects. The demonstration effect is most important.

Mr THOMAS: I refer again to the point at the beginning of significant issues and trends where you state, "the final market model to suit WA circumstances still to be decided." Is it your intention to privatise either Western Power or AlintaGas?

[4.50 pm]

Mr BARNETT: I have made public comment on that. There is no substantial impediment to the privatisation of AlintaGas. That would be relatively simple to do. The Government will probably consider that issue by the end of this year. In the meantime, some very preliminary work has been done on the options. Again, a decision will not be made until later this year.

There will be no moves to privatise Western Power during this term of government. Indeed, there are very significant policy issues to be addressed in relation to Western Power. There may be some private sector infrastructure investment in the regional power area, but Western Power is not on the agenda.

Mr THOMAS: Did the Minister tell the electorate that it was the Government's intention to privatise AlintaGas prior to the last election?

Mr BARNETT: No.

Mr THOMAS: If the Government moves to privatise it between now and the next election, it would be doing something for which it does not have a mandate.

Mr BARNETT: If the member thinks so.

Mr THOMAS: If the Government did not inform the electorate of that intention prior to the election, I am inviting the Minister to make it an election issue and not act on it until after the next election.

Mr BARNETT: The member should wait until the Government has decided what it intends to do. By the end of the year members on this side will have decided whether the Government will privatise AlintaGas and whether that will be done prior to or after the next state election. However, there will be no moves in respect of Western Power.

Mr THOMAS: Is it the Government's intention to privatise the Bunbury Power Station or any other part of Western Power?

Mr BARNETT: The Bunbury Power Station is currently being privatised. That has been publicly announced and the formal process is under way.

Mr THOMAS: Will any other component parts of Western Power be privatised?

Mr BARNETT: Western Power is a large business. At any given time it may be outsourcing various bits and pieces, but there is no significant privatisation program. There is too much confusion about outsourcing and privatisation in the public debate. The only thing being privatised at present is the Bunbury Power Station.

Mr GRILL: The Minister indicated that he intends to take a submission to Cabinet for the authorisation of a number of competitive tenders for power supply in country areas.

Mr BARNETT: It is a process.

Mr GRILL: Is there any provision to protect country consumers against dramatic price increases in the event that those tenders come in above the uniform price tariffs currently applying?

Mr BARNETT: Part of the proposal is the maintenance of the uniform tariff for households and small to medium businesses.

Mr GRILL: How is that defined?

Mr BARNETT: I will wait until I get cabinet approval before providing that detail.

Mr GRILL: Can we rest assured that at least residential and small commercial consumers will not experience rises in tariffs and will be able to enjoy the uniform tariffs?

Mr BARNETT: If the proposal is accepted by my colleagues, I believe it will be well received in regional Western Australia.

Mr THOMAS: The Minister earlier made reference to renewable energy and tidal power at Derby. What is the status of that proposal? What is the status of planning for the provision of future electricity supplies in the West Kimberley?

Mr BARNETT: Extensive technical work has been done on the tidal power project. However, the capital cost has risen significantly.

Mr THOMAS: What is it now?

Mr BARNETT: That is not up to me to disclose; it is up to the proponents. Negotiations about a tariff have been conducted with Western Power. That project could be put to the test in the marketplace to establish how it would compete against existing power generation, which is inadequate in the West Kimberley, or other alternatives, such as gas.

Mr THOMAS: Will cost be the only determinant or will environmental concerns be taken into account?

Mr BARNETT: In that case cost is the prime determinant. The Government would like to see a tidal power project succeed. It depends on how close it is.

Mr MacLEAN: I refer the Minister to page 382 and government funding of underground power projects. Will there be a subsidy or repayment scheme for people unable to afford the upfront cost?

Mr BARNETT: That program has been handled by local government authorities. Some have arrangements for pensioners and so on. The biggest difficulty facing local governments is trying to organise undergrounding in areas involving a group of, for example, 1 000 households. Not all households might be able to or wish to participate. However, it is an all in or all out scenario. It is best handled by local authorities at a local level, but the Government has some views about how they should do it.

Mr MacLEAN: Given that it is an all in all out process and Western Power already has a billing process, it would be much less painful if the agreement were through Western Power and the repayments were made to it.

Mr BARNETT: That could be done and it could be done through property rates. We do not want complex financial arrangements across the State with an electricity business running a capital works program partly funded by the community. We are trying to keep the commitments clean - they are capital contributions from the State and Western Power. An arrangement that makes it easier for people can be equally appropriately levied at a local government level.

Mr MINSON: Will that local area enhancement program apply to country areas?

Mr BARNETT: Yes. We have recently received the latest proposals for the next round of undergrounding of powerlines, in urban areas and for local enhancement schemes. The majority of applications have been from country

areas. One of the reasons we introduced it was the demand from regional areas to undertake projects in the main street or along the river front, rather than the whole town.

Mr MINSON: It is a shame that places such as Kalbarri have these problems.

Mr BARNETT: The ocean front at Kalbarri and the main street of York are obvious examples of small scale projects of great merit.

Mr MINSON: What is the uptake rate for smart meters? They are expensive and one needs special equipment such as water heaters that can be turned on at 3.00 am. It takes a while, even with a large family, to recoup the expenditure.

Mr BARNETT: They are expensive. We are disappointed with the rate of uptake. Western Power has done some marketing with major builders. The proposal is that the meters be installed in new houses.

Mr MINSON: It is much cheaper if they are installed at the construction stage.

Mr BARNETT: A billing system to fund that has merit. We are looking at that and green power options as well.

Mr GRILL: The Minister would be aware that Japanese institutions are undertaking experiments in the eastern goldfields involving growing trees to garner carbon credits. Were carbon credits included in the Kyoto protocols?

Mr BARNETT: I understand that there is the prospect of transferring emission levels. Credits have been foreshadowed for developing nations.

[5.00 pm]

Dr FARRANT: An international scheme for carbon credits was not put in place in Kyoto. It was desired by some of the developed countries.

Mr GRILL: No, I did not think it was.

Dr FARRANT: The prospects of constructing it in the short term do not look bright, but it needs to be progressed.

Mr GRILL: Thank you for clarifying that.

Mr BARNETT: The most important thing for this State will be credits for projects supplying either energy or processed materials to developing nations which was not part of Kyoto.

Mr GRILL: I agree with that. I think it is a fine program and we should push for it.

Ms MacTIERNAN: One of the major initiatives referred to on page 382 of the budget papers is the promotion of efficient energy use and renewable energy. Top billing is given to energy efficiency awards. Does your department take these awards very seriously? What is the process of assessment for such an award?

Mr BARNETT: We certainly take them seriously and have extended these awards from the government agencies to the private sector. We would like to see more companies and organisations participating in this area. We are continually trying to raise the profile of those awards.

Mr FARRANT: The next ceremony for these energy efficiency awards will be held on 4 June 1998.

Mr BARNETT: If the member for Armadale would like to attend, we will send her an invitation.

Ms MacTIERNAN: The member for Cockburn has informed me that they are very enjoyable occasions.

Mr BARNETT: We will ensure the member is invited and I look forward to her support.

Mr FARRANT: The process of assessing applicants is conducted by a committee which is at arm's length from myself as the Coordinator of Energy and the Minister. The recommendations of the committee are then put to the Minister. The support for the energy awards is growing in the commercial sector.

Ms MacTIERNAN: Is an assessment conducted by an independent panel?

Mr FARRANT: A panel which is at arm's length from both myself and the Minister assesses these awards. The next award ceremony will be held on 4 June 1998. There is growing interest from commercial activities in the profile of these awards.

Ms MacTIERNAN: When Transcom Engine Corporation won an award in one of the categories this year, you said that engines which use the Transcom natural gas vehicle system achieve at least 20 per cent improvement in fuel consumption over other carburettor-based natural gas engines and that they also emit significantly less greenhouse

gases, carbon monoxide and air toxins which run on diesel fuel. Was that a reasonable statement? Is it one which you would stand by?

Mr FARRANT: Yes, but that was for last year's awards. This year's awards are not yet announced.

**Division 32: Minerals and Energy, \$55 525 000 -**

[Mr Sweetman, Chairman.]

[Mr Barnett, Minister for Resources Development.]

[Dr C. Branch, Acting Director General.]

[Mr P.H. Palmer, Manager, Finance and Administration.]

[Mr J.M. Torlach, State Mining Engineer.]

Mr MacLEAN: My question relates to limestone quarrying in the northern suburbs. A number of leases are held by cement manufacturers who do not use the leases and have subleased them. These manufacturers are not receiving a proper economic return. The best quality limestone for both mud production, which is used for housing, and facia brick production is contained in the top two or three metres. Below that it is basically road base. Manufacturers are not receiving an economic return because they are allowing good quality limestone, which is in short supply, to be used as road base. Developers of private property frequently have a bulldozer scrape the limestone down and then rebuild it for housing. Is there anything that the Department of Minerals and Energy can do about proper resource uses in these areas?

Dr BRANCH: There is little that we can do about that. Products such as limestone, clay and sand are not minerals under the Mining Act. Therefore, these minerals are extracted under extractive licences issued by the shire in the area which has control over that. Our only role concerns the safety of the mining people involved in the operation.

Mr GRILL: There seems to be a high fluctuation in figures regarding appropriation and forward estimates. On page 625 of last year's budget papers the estimated out-turn was \$64.26m. The actual out-turn was \$71.6m and the estimate for this year is only \$55m. The department seems to have spent a great deal more than it estimated. For 1998-99 the figure seems to be well down again, not just on what was spent, but also on what was estimated last year. Why are these rather wide fluctuations in expenditure occurring?

[5.10 pm]

Mr PALMER: The large fluctuations are occurring in the area of transfer payments of royalty collections to the Commonwealth. We budget for an amount in the order of \$8.4m to be provided to Commonwealth and as a result of the actual production from the petroleum wells, we then transfer their proportion of the actual amount extracted. It is anticipated this financial year that the payment to the Commonwealth will be approximately \$15.3m, of which we are budgeting in the coming year for only \$8.4m because we see production from Saladin, Roller and Skate tapering off. It creates a major distortion at the bottom line, but in fact the appropriation for the operations of the Department of Minerals and Energy are \$2.7m above what they were in the previous financial year.

Mr GRILL: It does make it a bit hard.

Mr PALMER: It does.

Mr GRILL: Will that be a continuing feature of the account?

Mr PALMER: Yes. The problem is the fact that these transfer payments can fluctuate dramatically based on production levels, yet they are a part of the appropriation for the department. The only way it can be resolved is if one had a separate appropriation for those transfer payments.

Mr GRILL: At the recent annual meeting of the Chamber of Minerals and Energy, the chairman suggested that they would be concentrating in two areas this year; that is the areas of mine safety and native title. Those priorities were reflected later when the Minister for Mines made his speech. There seems to be a view in the mining sector, both at a departmental and a company level, that they appear to be the two big issues. I will first deal with the commonwealth Native Title Act. A year or two ago you expressed the view that the industry could work with this legislation.

Mr BARNETT: No. I had a slightly different view from others about the issue.

Mr GRILL: I thought you had a different view from the Premier's.

Mr BARNETT: No. I think you are misquoting me. I do not find the legislation practical.

Mr GRILL: Neither do I.

Mr BARNETT: I may have said that if one looks back with the benefit of hindsight, the industry could have worked better and could work with the issue of native title as flowed from the original Mabo High Court cases. It was the rush to legislate, including a rush sponsored by the mining industry, that has created a problem. In my view the problem is the Native Title Act more than the concept of native title.

Mr GRILL: We do not disagree. I will not argue with what you said some time ago.

Mr BARNETT: It was not altogether popular from my view.

Mr GRILL: What effect is the Native Title Act now having on both mining and exploration?

Dr BRANCH: Until December last year, very little opposition occurred to the granting of exploration and prospecting licences in areas affected by native title or claimants.

Mr GRILL: Do you mean opposition by Aboriginal people?

Dr BRANCH: Yes, by native title claimants. As soon as we get an exploration licence or prospecting licence application, we must advertise it under section 29 of the Native Title Act. That is out on the street for two months and any native title claimant can lodge an objection with the tribunal during that time. As I said, from 1995 when we started that process through until November 1997, we were getting about 90 per cent or more of the applications through with no objection to an expedited process which allowed exploration to go ahead quite rapidly.

Mr GRILL: Did that apply to all exploration titles?

Dr BRANCH: Yes, even if they were in the eastern goldfields. Following the Wik decision, the belief by all parties was that the status of titles issued over pastoral leases suddenly became suspect. The objection rate increased quite strongly, and the clearance rate on exploration titles dropped from 90 per cent to 70 per cent, which means that 30 per cent of the titles were objected to, rather than 10 per cent or less. More recently it has increased to 50 per cent which are objected to. In one month the clearance rate for prospecting licences in the eastern goldfields dropped to 15 per cent. That is of concern. If this current trend continues, by the end of the century we will have about 10 per cent of the State locked away in areas which cannot be explored for minerals because the tenements will be tied up in the native title process.

Mr BARNETT: I think the member for Eyre would agree that whatever one might think about native title - one would obviously respect genuine heritage issues and places - there are no moral grounds for native title applying to exploration stages. It is a real issue if a project is developed for which there will be a permanent presence, but exploration activity, properly conducted, should not be caught up in this process unless something is found to be developed.

Mr GRILL: I have grave doubts about some aspects of the Native Title Act. I have found with respect to projects that look as though they will be developed and projects that are being developed on land being claimed as native title, that for the first time that I am aware of, mining companies have been forced to offer meaningful contracts of employment to Aboriginal people. That is a good development, despite the fact that there are and always will be many aspects of the Native Title Act that are simply unworkable. I agree with your comments with respect to exploration. Exploration titles now will be well and truly objected against.

Dr BRANCH: There is another aspect to that question which I had not addressed. Our dilemma is that because a title cannot be granted when it is in the native title process, it means that at the exploration stage, one cannot fly over the area to carry out airborne surveys with no impact on the ground; so that is a real problem. If the title applicant wishes to fly specifically over the tenement for the purposes of exploring that tenement, that would be an illegal act. If it is part of a group survey over a broad area, that is different.

Mr GRILL: This is a new development as far as I know. When did this come about? Has there been a decision to that effect?

Dr BRANCH: No. If a tenement applicant wishes to carry out a specific airborne survey over their specific tenement, and theirs alone, it would be an illegal act because that tenement has not yet been granted.

Mr GRILL: Who has given you that advice?

Dr BRANCH: That is our advice from Crown Law.

Mr GRILL: That is new.

Dr BRANCH: But if it is part of an aerial survey over a broad area for a group or just to do a speculative survey over an area, that is permissible.

Mr GRILL: Have prospecting exploration companies been advised of that situation?

Dr BRANCH: They are certainly aware of it.

Mr MINSON: On the same vein, sometimes Crown Law's advice on law is a little too conservative, because I think that is nonsense. If it went to court, I doubt if it would stand up; but that is just my comment.

Mr MacLEAN: My question relates to page 747 on major initiatives, dot points 3 and 4. Would you explain the significance of the regional core library? What are the advantages with that library compared to dot point 4 and the compilation of digital data management?

[5.20 pm]

Mr BRANCH: They are two quite separate issues. However, they are related to the gathering of data from the current range of exploration for the use of future generations. Exploration companies that come to this State base the selection of their exploration targets on geological and geophysical information. This comes from two sources of information: Firstly, information gathered by the Government through its own geological survey; and, secondly, information submitted to us by exploration companies based on their discoveries. We have the responsibility of melding that, interpreting it and producing further data packages as maps and reports which attract, we trust, further explorers to come and work in this State.

Part of the data collected are rock samples, which are obtained when the company drills deeply into a potential resource. They are the drill cores that come to the surface. So far in this State, although there has been an intent to require companies to submit their core samples for permanent storage by the Government so they are available for long term viewing by future generations of explorers, it has always proved impracticable because of the level of exploration that takes place in Western Australia. Whereas all other States have had drill core storage for many years, we have only now worked out a system whereby we can successfully, and at reasonable cost, produce drill core storage for the use of the industry to provide to us selected core representative of an area that they are drilling. That information will be of tremendous use in, say, 10 years' time when another phase of exploration comes back to the same area. Rather than drilling more holes at a cost of tens of thousands of dollars, they can examine rock samples in the core store brought in by earlier generations of explorers. We want to build a rock store area first of all in Kalgoorlie because that is where most of the exploration is going ahead at the present time. We also need a central one for the State for many other areas of exploration, and that would be built on land we have in Carlyle.

The other information we get is information provided by companies. What we wish to do now in this electronic age is to put that into digital form so it can be transmitted over the Internet and so forth into offices, anywhere in the world. On some information that we already have available on the Internet, we find that it is being accessed, not only within Australia but from the United States of America, Moscow, everywhere. That is why it is vital that the past body of data, which is so important upon which to make very expensive decisions on where a company will go to explore next, is available in this modern digital form.

Mr MacLEAN: Does the digital process include the recording of the general electronic and registered surveys of the drill cores? For instance, if one is looking for a particular item that appears around a known sample, can one check to see if it is there and then can go back to the drill cores which are there for future development, such as nickel after it replaced gold for a time in the eighties?

Mr BRANCH: I will give you a classic example, which is not in this State unfortunately. In Queensland the discovery of the enormous magnesium deposits was made possible by trying to find out how the magnesite, in which the magnesium is found, could have been created, by looking at geological maps, making an assumption that there was a likely area where it could have concentrated, looking at the drill cores that had been collected for different reasons 10 to 15 years ago, analysing those cores and finding a brand new resource.

Dr EDWARDS: My question relates to page 745 where the amount authorised by other Statutes - Salaries and Allowances Act 1975 - increases into the future. When I raised this question in another division of why the CEO's salary was pegged at such a low level, I was told that they are pegged at one level but if there is an increase, it flows through a different Act and the money comes through Treasury. Why is there this increase and is there a ceiling?

Mr PALMER: The special division officers' salary increases are determined in a separate forum to normal salary increases of the organisation where productivity milestones, for example, are utilised to determine pay rises; special division officers' salaries are determined in a completely different forum. Hence, they tend to be related to inflation rather than productivity milestones.

Mr BRANCH: If I could add to that, it is the same tribunal that determines parliamentarians' salaries!

Mr MINSON: I was out of the Chamber when the member for Wanneroo raised the question about the core sample



library. On page 748 under the output and appropriation summary, \$2m is set aside for archiving. The fourth point down is a provision for an archive of geoscientific and resource exploration data. I apologise if I repeat the question; however, are those two related or is that something different? Will there be a cross-referencing mechanism, because it is important that the two be cross-referenced in some way.

Mr BRANCH: That refers to the drill core library. Because of the way these budgets are set out, items do reappear in several places, both in the initial amalgamation of data and subsequently in the separate outputs.

Mr MINSON: So that archiving will not relate to drill core samples at all?

Mr BRANCH: No. That is what I was saying; it is for the archiving of geoscientific and resource exploration data, I believe. Perhaps I can get back to you with an answer.

Mr MINSON: A lot of drilling is going on around Western Australia other than in the goldfields. For example, when I went to the Argyle diamond area, it was pretty obvious that the new owners were keen to find another pipe and they had pock marked the area quite effectively. Will the data from those drill samples be lost or will it be archived somewhere?

Mr BRANCH: Having looked at the similarity of the figure for last year and this year for that item, the archiving of geoscientific and resource exploration data, that is the storage of the paper and digital tape information provided to us by companies. The storage of the rock core samples is under capital works.

The CHAIRMAN: Member for Greenough, were you seeking supplementary information to be provided to you?

Mr MINSON: No, the question has been answered.

Mr CARPENTER: I refer to page 762, "Output 11: A system for regulating the storage, handling and transport of dangerous goods". Can the Minister clarify the meaning of the figures which follow that? In the performance measures for that output, the quality compliance levels for transport for this financial year show a 50 per cent compliance level which is related to the transport of dangerous goods.

Mr BRANCH: Yes. It is an area for which recently new legislation has come into place, and in relation to placarding and so forth on vehicles, we have been carrying out inspections to see whether companies are complying adequately with the new legislation. In the first year of operation, the rate of compliance was about 50 per cent. We expect that to increase next year to 75 per cent. It is as simple as that.

[5.30 pm]

Mr CARPENTER: I guess it is if you understand the terminology. Therefore, this relates not to compliance with the regulations for the transport of dangerous goods but to some sort of identification of goods that your department has developed?

Mr BRANCH: We are looking primarily at public safety. We want to ensure that from the public's point of view, should an accident happen to a truck that was carrying dangerous goods, the rescue services that arrived at the scene would be adequately advised by the signage on the vehicle of the nature of the goods being transported and would then know immediately what remedial action to put in place.

Mr GRILL: Safety is a big issue. The Petroleum Safety Bill, which the Minister introduced a week or so ago, advocates the adoption of what is called the safety case regime. That regime appears to have worked very effectively overseas. We have embraced that regime to some degree in the underground and hard rock mining sectors, but given the horrendous and tragic loss of life in those sectors in the past several months, why have we not embraced that regime comprehensively? I understand that regime is based on an assessment of a project before it is commenced, in which you list all the possible safety hazards and endeavour to put in place a regime that will prevent those safety hazards from causing either injury or loss of life. We will debate this matter later, but if this system has worked so well overseas, why not embrace it comprehensively?

Mr BRANCH: The safety case regime came about initially in the chemical industry, and, following the *Piper Alpha* disaster in the North Sea, it then moved into the offshore petroleum area. It involves designing an engineering structure when you know well beforehand what will go down every pipe, where those pipes will go, and what will happen to the products in those pipes. It is a second, third or fifth generation engineering analysis of a particular set of buildings and structures, essentially where you know all the parameters and where you can identify the dangers, and so on. I expect it could apply in the mining area to surface installations, plant and so forth. However, the underground mining area, and even the surface mining area, have many imponderables that you cannot predict with the certainty that you can for an engineering-type structure.

Mr TORLACH: That is essentially correct. Those safety case regimes are built around major plants of a complex

and detailed type that lend themselves to a system of analysis and examination, usually starting with a hazard and operability study, which then sets up the normal safety framework that is required in any operation that contains a high number of hazards. Our new legislation and regulations require what we call a project management plan. That is, in effect, a less complex version of that safety case regime, where the major hazards must be identified and the company must demonstrate what measures it will take to handle those hazards. That plan must be prepared when the mine begins, and new issues will arise as the mine changes and evolves. The question of practicability contains the essential elements of risk management. You must continue to identify hazards, address and scale the risks, and put in place measures to handle them.

The primary function of the inspectorate has been converted to carrying out audits rather than walk through inspections, because they are more systematic and they pick up the same issues, and, just as companies conduct their own audits, we are now auditing the extent and effectiveness of the systems that are in place. Therefore, we are moving in that direction, but it is not as highly rigidly structured as is the safety case regime.

Mr GRILL: Is it to some extent amenable to adoption in the hard rock mining area?

Mr TORLACH: It is certainly comparable. A major new complex plant such as the large HBI plant that BHP is installing at Port Hedland lends itself immediately to a hazard and operability study, and it will need to have such a study before the insurers will even back the project. When that plant is commissioned, we will be seeking to have that carried out. Those types of plants already have that regime in place to varying degrees.

Although the safety case regime overseas has worked reasonably well, I was at a conference in Britain a number of years ago when a member of the offshore safety divisions reported on a series of 24 audits which had been done and said that the danger with those safety cases is that you follow process and form rather than find out whether the presumptions of supervision and management are really being challenged. If you are not careful, you can still be lulled into a false sense of security. There is more to it than just having the system.

Mr GRILL: One cannot be other than struck by the difference between the approach that was adopted by the Navy when those four sailors from the *Westralia* were killed and that adopted by the mines department when accidents and fatalities occur, because when those four lives were lost in the Navy, a major public inquiry was held within a few days, yet in the mining sector it can take up to two years before the coroner gets around to conducting a hearing into fatalities, and by that stage the memories of witnesses are impaired, and other factors come into play. I cannot see how you can get to the truth quickly if the coronial inquiries into mining accidents and deaths are delayed for one or two years. If there is a problem, surely you want to get to the cause of the problem and rectify it almost immediately. Why are mining deaths not handled in the same way as deaths in the Navy; that is, by conducting a public inquiry within a week or two of the death?

[5.40 pm]

Mr BRANCH: An inquiry is conducted immediately. The police and our inspectors are on site within hours to conduct a total investigation and talk to all the witnesses before their memories are impaired by time and so forth. If the inspectors of mines recognise aspects of an accident that might occur elsewhere, cautions are sent out immediately to warn other minesites of those problems. The investigation may not be as public as in the case of the Navy, but it certainly does take place.

Mr TORLACH: It is really a function of the court process. The investigations by the inspectorate and the police are normally completed within a matter of weeks, at the most. However, in very large and complex cases such as occurred with the collapse of that major stacker, we had to call for a section 45 report, which involves a full engineering report carried out at the company's expense by a third party going back over the life of the project. The time the process will take depends upon two things. The first is when the coroner is able to hold the inquest. The second is that the Coroner's Act requires that if any prosecution action is envisaged or pending, the inquest must be delayed until that has taken place.

That takes us into another arena, which is the time it takes for the court process to move on those types of actions. This was identified during the course of that fatalities inquiry on the part of people whose friends or family have been killed in accidents. It is of great concern to them that the process takes so long. However, we lose no time in getting out the basic information on the type of event so people are alerted to the hazard. The coroner's total function is to find out who died, under what circumstances and what was the cause of death.

Mr GRILL: I have had complaints in the past few months from officials of the Australian Workers Union who have been impeded in gaining access to an accident or fatality site or have been excluded from a site on the basis that the employees within the operation were not members of a union. Is that situation countenanced and encouraged by the Department of Minerals and Energy?

Mr TORLACH: We have always encouraged companies to be as open as possible. The Act provides that if a member of a union is involved the union has access to the site. Many companies allow that irrespective of whether they employ union members. Basically under the new legislation the health and safety representatives are required to be involved in the investigation process. It is much more wide open than before.

Mr GRILL: Without the protection of unions health and safety inspectors can be intimidated. You know that as well as I do.

Mr TORLACH: There is always the possibility that can happen in particular circumstances. The other avenue that is available to union representatives is that they have a right to liaise with the employee inspector and each fatality must have one employee inspector attached to the investigating team. That is a ready avenue. Most of the information is available almost immediately in the Press in any case. The detail is another matter.

Mr GRILL: What immediately comes to mind when one sees this rash of fatalities is that the department should put more resources into the inspectorate.

Mr TORLACH: Every government organisation would seek more resources. Essentially, our brief is to recognise the constraints that are on all budgets and all of our efforts are directed toward a more efficient process with the resources we have rather than seeking to put more and more people into the field. The philosophy behind that is simple. It is not the inspectorate's job to manage safety on mines. That task belongs to the people who manage, supervise and work there. Robens said in his landmark report that the way to industrial safety improvement is not through an ever increasing spectrum of regulations and inspectors, it is through the proper use of the system. The inspectorate should be there to educate, advise, direct and where necessary enforce. It is our belief that looking at the resources that are available to us and using it as a benchmark we can compare what is available to similar bodies in other States, and even WorkSafe, in relation to the size of work force it deals with. Our resourcing, provided it is maintained and used effectively, is not the problem. I do not believe it is a lack of fire power in the inspectorate that is causing these problems; it is structural weaknesses and safety management deficiencies in the industry. We are doing what we can to rectify that. We could probably do more. Part of that is the audit process.

Mr BRANCH: In his modesty, Mr Torlach would not say this but we have recognised the value of his contribution to mine safety in this State. We have reorganised our mining operations division and created a mining policy secretariat in which Mr Torlach, as the State Mining Engineer, is the leader. That group concentrates on how to increase safety in the mining industry in Western Australia. The mining operations division is headed up by the general manager Bob Hopkins. That division comprises people who go out physically into the field. We are trying to concentrate our minds on this issue by separating safety policy from operations.

Mr MacLEAN: The budget papers state that demand for experienced safety personnel in the Government outstrips supply. Given that private industry is experiencing the same problems, what initiatives is the department taking to address this issue?

Dr BRANCH: It has been a problem of attraction and retention. It is clear that the salaries available within the public sector for the calibre of person required both in the mining and petroleum safety areas are essentially low. Industry recognise that these people, if they are good, are people that they need on site to work for them. They have that prime responsibility, as Mr Torlach pointed out. However, we need the same sort of expertise to audit what the companies are doing. Hence, we need people of the same calibre. We cannot match their salaries. We are trying to investigate ways in which, through allowances and so forth, we may increase the dollars available to our inspectors of mines - not engineers in general - who are required under the Act to have specific, high qualifications.

To overcome our problem, up until now we have had to recruit from South Africa. Essentially, few if any of the applicants for positions we have advertised over the past couple of years have emerged from Australia. It has been necessary to go overseas to attract people here as the inspectors of mines. In the same way we must attract people from the health and safety group in Britain to come here as petroleum inspectors.

[5.50 pm]

Mr MacLEAN: Could you explain the department's involvement in this process of regulating and promoting environmental management in the mineral industry? Do you believe the department should control and regulate this process?

Dr BRANCH: Environmental matters are vital. Along with safety on minesites the environment in many ways is even more important to the community than anything else. That is the product that they see while the mining is taking place and it is what they see after the mining operation is finished. Hence, in order to meet community standards and what they expect a minesite should look like at all stages of evolution we have a high responsibility to ensure that community standards are being met. Ten years ago our task was in its infancy, because industry was just beginning

to fully appreciate that its continuing existence depended upon the reaction of the community that saw what it was doing to the environment. These days it is encouraging to see what industry is doing spontaneously.

Industries have found that it saves them money if they plan their environmental controls, and so on, into the total planning process. Again, as I heard in the previous debate on the Energy portfolio, safe energy awards are made. In our department we have the Golden Gecko awards for environmental excellence, which are awarded annually. We have an independent panel of experts who advise us who should receive the awards in both the mining and petroleum industries. This year we had 15 excellent entrants, from a wide range of individuals and their performance through to large companies and their performance. It has been a difficult job to judge the awards, which will be made in about a month.

Mr GRILL: I would not go too far. People in the goldfields think that you are far too enthusiastic, and you will destroy the social and mining record!

Mr MacLEAN: I understand the involvement of Minerals and Energy in maintaining waste ponds, and the department's involvement in contaminated waste disposal, but I do not understand how it can be involved in minesite restoration, especially when other government departments trip over the same area.

Mr BRANCH: This is an important point. For environmental reasons, we impose bonds on mining companies, because we must ensure that when a mining company finally walks away from the land, the State is not left with an economic legacy of having to restore the area. On behalf of the industry, we hold \$160m in bond. Luckily, most companies are good in both their rehabilitation and their economic survival. When a project comes to the end of its life, we expect the company to do the right thing; but now and again a company goes under financially, and we want to ensure that the State is not left with some legacy for which the total community must pay.

*Sitting suspended from 6.00 to 7.00 pm*

**Division 72: Aboriginal Affairs, \$22 737 000 -**

[Ms McHale, Chairman.]

[Dr Hames, Minister for Aboriginal Affairs.]

[Mr H.R. Lowe, Chief Executive Officer.]

[Mr M. Bowen, Director, Strategic and Business Services.]

[Mr R. Curry, Director, Policy and Planning.]

Mr MacLEAN: My question relates to both the recurrent account and the performance indicators. What are the key areas of work for the department over the next five years?

Mr LOWE: I begin with a statement regarding some organisational change. The agency has a brief to do two major things in respect of individual Aboriginal people and their families. First, to make it easier for those people to access mainstream services, and to make services more receptive to the needs of Aboriginal people. We are increasing the number of officers from seven to 23 around the State to put Aboriginal Affairs staff in closer contact with the people they intend to serve.

The second issue relating to services to be provided is the re-establishment of the Aboriginal Affairs Coordinating Committee at a central level, in order to coordinate services for Aboriginal people between agencies and to replicate that coordinating structure regionally. We will have two in the Kimberley, one in the Pilbara and so on. Therefore, we will meld local opinion and the head office in a statewide coordination of service for Aboriginal people. That will provide greater access of opportunity.

The program also calls for an evaluation and expansion of demonstration programs to make remote Aboriginal communities more like other communities in the services available to them; that is, to make services to Aboriginal communities like services available to similar size communities, or towns, of non-Aboriginal people. Also, we provide support for town reserves, which tend to be located on the boundaries of towns, and are not necessarily in receipt of services available to non-Aboriginal people in that town. We provide support for reserves relating to greater management and the normalisation of essential services.

Those two programs - demonstration project and town reserves - are being expanded over the next five years. A similar expansion will occur with the essential services and maintenance we currently provide for communities. This program was originally funded by the Commonwealth, but is now administered by the State.

Three contracts have been let in regional Western Australia, one in the Kimberley, one in the Pilbara and one in the eastern desert. Two are Aboriginal corporations which will take over services previously provided by Western Power

and the Water Corporation. The main focus of the agency over the next five years is to increase the degree to which mainstream services are provided in a coordinated fashion to Aboriginal people, thereby increasing areas of access and developing and normalising communities in which they live.

[7.10 pm]

Dr HAMES: We are focusing on groups that we support, such as the Commission of Elders, the Aboriginal Lands Trust, the community patrols and the Aboriginal Cultural Material Committee. The support will be ongoing.

Dr EDWARDS: I refer to page 87 on which the salary of the chief executive officer is spelt out. Is the CEO acting or has he been appointed?

Dr HAMES: The chief executive officer has been appointed; he is on my right. His contract has 12 months to run, but it is our intention that it continue beyond that time.

Dr EDWARDS: In the annual report mention is made of two specific inquiries into public sector management within the department. How many inquiries, investigations or examinations have occurred into the operations of the department, aspects of the operations, or any other affairs of the department in this financial year?

Dr HAMES: I do not have the figures but I will provide that as supplementary information.

Dr EDWARDS: As a result of those inquiries how has the department been restructured? I gather the number of FTEs has stayed the same, but what turnover of staff has occurred?

Dr HAMES: The two questions are unrelated in that the restructure has nothing to do with the inquiries. The department had seven regional officers and, as part of the restructure, we are increasing that to 23. We are trying to reduce the number of high level people in the department, not because they were not necessary but because a lot of work had to be done in the development of AAD initially that required many reports, investigation and understanding of what was happening in Aboriginal communities. We have done that. Now it is time to get people in the community, particularly Aboriginal people, working for the Aboriginal Affairs Department in a much more hands-on way to deal with issues of government. Therefore the department is spreading its people into the bush.

Ms MacTIERNAN: I refer to page 92. In your earlier comments you made reference to the community patrols as an important part of the department's operation. I understand 15 such patrols are operating in Western Australia and many of them are seeking increased funding. How much funding has been allocated to the patrols? Has there been any increase from the 1997-98 figure? What was in the Aboriginal Affairs budget last year and what is in the budget this year? Can I have a breakdown of how each of the 15 patrols is funded?

Dr HAMES: The number of patrols that we assist is 15 in this current financial year and shown as 15 in the coming financial year. Some areas that are thinking of establishing further patrols have not yet put in applications. Katanning is one of those. We will be considering that in the budget. We are considering a total budget increase for community patrols. The amount of \$362 729 is in the budget for this financial year; that will increase to roughly \$500 000 for 1998-99.

Ms MacTIERNAN: In this current year it is \$362 000 but for this budget it is about \$500 000. I am glad you are considering increasing the number of patrols. There is also concern that many of the existing 15 patrols are operating on less than a full time basis and do not have the resources to do this important work that I understand involves picking up people under the influence of alcohol and other substances to avoid their being taken into custody.

Dr HAMES: In their first year of establishment community patrols had a budget of \$50 000 each. Part of that budget included establishment costs for equipment and vehicles. Although funding for those things was needed in the first year, it was not needed in the second year because those things do not need to be established twice. In the second year, which for most of those patrols is this current financial year, the budget was reduced to \$36 000 per unit.

It is true that some of the community patrols have struggled to cope on that amount. Early this year when that information became available I asked the Department of Aboriginal Affairs to see whether any supplementary funding was required for this financial year. I regard the community patrols as one of the most important teams, along with the Commission of Elders, that we support through the Aboriginal Affairs Department. I have made it clear that I expect full support to be provided. That funding is going back to \$50 000 per unit in this coming financial year.

Ms MacTIERNAN: On my calculations \$50 000 multiplied by 15 does not make \$500 000.

Mr BOWEN: That can be explained by the fact that the \$50 000 reflects a full year funding figure. Some of the grants will be part year because of the timing of the grant applications and grant approvals.

Ms MacTIERNAN: This is important for many of our outback communities. It is one of the issues that members

covering the more remote areas have emphasised. Currently already 15 of these facilities are operating. If they are to be funded to the tune of \$50 000 and you are to have more come on stream throughout the year, which will require something less than \$50 000, you will not get all that for \$500 000.

[7.20 pm]

Dr HAMES: I understand that my CEO has a good explanation, so I will ask him to respond.

Mr LOWE: You might also notice that 15 times \$36 000 does not equal \$362 000. As Mr Bowen said, some of the facilities start during the year. A number of patrols have only just received their funding for this financial year because of carry forward funds. The fact that there is a limit at the moment of \$500 000 for next year does not mean that they will not have \$50 000 to spend during the course of the financial year because of those carry forward funds. I signed off on a couple of organisations last week, for example, which received \$36 000 in May. They clearly will not need \$50 000 for the next financial year. It is also true that some of the others will not get \$50 000 because they do not need it.

Ms MacTIERNAN: Would you be able to provide by way of supplementary information a list of the existing patrols and how much they will be receiving this year?

Dr HAMES: We will provide that as supplementary information.

Ms MacTIERNAN: I take it, Minister, that you have been making clear to your department that you see this as one of the most important areas. I am not in a position to judge this, but there has been some criticism that in some of the regional areas departmental officers are not taking perhaps a strong enough role in assisting and supporting the creation and the operation of these patrols. Has that been of concern to you?

Dr HAMES: That has certainly not been my experience. I understand that the patrols have very strong support from within the department. There is a requirement for patrols to provide indications of their performance to tell us what they have done, how well they have done it, and how many people they have assisted. The money is not paid out without some sort of reporting and acquittal of funding. In some instances - Kalgoorlie is one - that funding took a long time to be adequately acquitted, so there was considerable delay in providing funding. We are giving strong support. The Midland patrol has only recently started. In Northbridge the Karnya patrol is also up and running.

One requirement as part of the setting up of these groups is that there be some community support with funding from the private sector. I am fairly certain that 15 per cent was originally planned as the amount of money that would be provided by the private sector. Some communities have sought and achieved that quite easily and others have been more content to rely on the Aboriginal Affairs Department. To some extent I would like the department to assist communities which might not have the expertise to seek that private sector funding. It is of enormous benefit to the private sector, particularly in places like Geraldton with the Yamatji patrol. The department will be expanding its role to try to assist those communities to get additional funds and support from the private sector. It does not mean that if they get that, we will be reducing our package.

Mr MacLEAN: On page 89 at the first dot point of major initiatives is the establishment of 16 new regional locations. Where will the new regional offices be located?

Dr HAMES: My chief executive officer is madly writing the list of 16 names. As the member will know, the seven offices have been expanded to 23. Some of the locations are still being discussed and, in fact, are the source of fairly vigorous discussion.

Mr MacLEAN: What will be the total cost of the establishment of the new offices?

Dr HAMES: We can provide those specific costs but I do not have them here. The funds are being provided within our existing budget; we are not seeking additional funds for the provision of those offices. Some people will be sharing offices with other departments or leasing small offices. A lot of the offices may be for one or two persons depending on the size of the community and how we feel it is best to distribute departmental officers. Do you want specifics on the funding costs?

Mr MacLEAN: No, as long as they are staying within the budget. If you have a rough figure about the added cost it might be of advantage.

Dr HAMES: It is not really possible to provide those costs because they have not yet been expended. Offices are still being found. It is not exactly certain what the total costs will be but they are not expected to be anything that cannot be handled within the existing budget. The communities above the seven that already exist which will get extra offices will be Halls Creek, Fitzroy Crossing, Broome, Roebourne, Newman, Carnarvon, Meekatharra, Mirrabooka, Armadale - the member for Armadale will be pleased to hear that, I am sure.

Ms MacTIERNAN: Is that an extra office of your department?

Dr HAMES: Yes, or an extra officer at least. There may be a small office depending on the requirements. Extra offices will also be provided for Northam, Merredin, Pinjarra, Narrogin, Bunbury, Leonora and Esperance.

Mr MARLBOROUGH: The largest number of Aboriginal people in the metropolitan area live in Kwinana. I wonder why Kwinana is not in the list.

Dr HAMES: My chief executive officer makes the point: Not according to his data. We will be pleased to see any data that the member has, if it is different.

Mr MacLEAN: Could you give me an estimated time of when these offices will start opening and be fully resourced? I appreciate that it will not happen overnight. Have you a date by which you want this process completed?

Dr HAMES: I am advised that all of those offices will be opened by the end of the 1998-99 financial year.

[7.30 pm]

Mr MARLBOROUGH: On page 87 the first significant issue and trend reads -

A large proportion of Aboriginal people live in isolated communities that have poor access to appropriate health, -

I would like to know what we are specifically referring to there - what is poor access and what is appropriate health. It continues -

- welfare, education, employment and transport services.

Others, who live in urban settings are minority groups, whose needs appear to be inappropriately met by mainstream service providers.

Is it suggested that the hospital and health system in the metropolitan area is incapable of looking after Aborigines? Are we talking about the prison, police and education systems? Are departments failing in providing appropriate services for Aboriginal people?

Dr HAMES: The majority of Aboriginal people live in remote communities. We signed an agreement with the Commonwealth Government covering 48 large remote communities for which we would maintain the power, water and sewerage infrastructure. That list should be 55 or 56 if we include, as we do with the essential services program, communities of 50 and over. Those are places such as Jigalong, Oombulgurri and Kalumburu, which are remote from services and have very poor infrastructure. We are doing the demonstration programs to bring the standards up to what we regard is normal for any community of that size.

Aboriginal people in the metropolitan area are not very good at accessing mainstream services, particularly health services. They do not tend to go to a GP or a hospital very often. The Aboriginal Medical Service provides an excellent service. This Government has provided funding to the service, whereas in the past it received only commonwealth funding. Along with the Commonwealth Government, this Government has assisted in providing a new Aboriginal Medical Service building.

It is difficult. Aborigines do not access services such as libraries and they do not like approaching government departments. They have difficulties with things as simple as funerals. There is a large number of funerals in Aboriginal communities, given their high mortality rate, and they do not like going near funeral parlours but want to provide a decent funeral service for their family members. They do not believe in cremation. Most non-Aboriginal people see those things as part of normal life.

Homeswest tries to provide an adequate service, but that does not always happen. Government departments should ensure that they constantly review the way in which they provide services and that those services are culturally appropriate. We can all do better.

Mr MARLBOROUGH: I appreciate that honest assessment of the situation. Is the Minister suggesting that government departments need to establish special branches to cater for the needs of Aboriginal people? Homeswest has a section that provides Aboriginal housing and to some degree has an input into the quality of life of Aboriginal families. The comment I quoted is strongly worded. What is the next step? Has the Minister determined which departments are of particular concern? If so, has he started to discuss with appropriate Ministers or departmental heads initiatives such as an Aboriginal policy or the employment of people who are specialists in Aboriginal matters?

Dr HAMES: We are not focusing on any specific department. Many government departments already have special sections that deal with Aboriginal issues, including Homeswest, the Department of Training, the Education

Department, the Health Department - it has a very significant area - Family and Children's Services and the Department of Commerce and Trade. We have also established an Aboriginal affairs coordinating committee through the Aboriginal Affairs Department. Its role is to try to better coordinate government departments. Senior officers meet regularly to discuss issues relating to providing better services to Aboriginal communities.

As the member knows, before I became Minister I chaired a chief executive officer working party looking at the provision of essential services to remote Aboriginal communities.

The McCarrey report on Aboriginal communities recommended a coordinated effort to review the way each budget area provides services to Aboriginal communities. We also have the Justice Coordinating Committee, which is chaired by the Attorney General. Chief executive officers and senior officers from the Health Department, the Police Service, Family and Children's Services and the Education Department, meet with me and other Ministers on a regular basis to better coordinate the provision of services as they affect Aboriginal people. It deals particularly with justice issues.

[7.40 pm]

Mr MARLBOROUGH: I return to the definition of poor access to appropriate health, welfare, education and employment. In the health area, the Minister said that 48 remote communities have already been identified and that, on the basis of a population of more than 50, the total should be 55. Do all those communities currently have appropriate sewerage toilet facilities and running water to all dwellings?

Dr HAMES: The list of 55 is somewhat difficult because discussion is only now taking place about adding those extra communities. The 48 communities mostly have all those services, but some are in a better state of repair than others. Those communities certainly have water, power and sewerage but to varying degrees. That is the whole purpose of the demonstration projects. We recommended that there be a 10 year program to improve the standard of those communities to a certain minimum level one would expect in any non-Aboriginal community. As part of that, the Government is funding town planning layouts for each community so that Aboriginal people can establish what is there, what should be there, where roads should be located, and what services are, or should be, provided by local government.

I also chaired another committee on water testing for remote Aboriginal communities. It has put in place recommendations that will significantly improve, to new Australian standards, the water testing in all those remote communities and special kits will be available which they can use to test the water for contamination.

Mr MARLBOROUGH: I appreciate the 10 year plan, but I am trying to be specific. The Minister may not be able to name the communities. I will concentrate on the 48 listed and then worry about the 55. Among the 48 identified communities, how many do not have health standards that would apply in non-Aboriginal communities; that is, toilets and running water in each home? How many have central or no toilet facilities and how many have a central water supply or no water supply?

Dr HAMES: The difficulty in answering this question is that the standards vary so much. At some time or another each community has had those things, but there is some question about the current state of repair. For example, one community we visited not long ago had significant problems with its water supply. Water was provided to all the dwellings but the standard of maintenance was not adequate and the water was not flowing as it should. In one community the water was flowing all the time because there was so much corrosion that the taps could not be turned off. The department has been doing a lot of work trying to improve those things. In fact, the Health Department has just completed a major environmental needs survey of all those communities in Western Australia. It has spent a lot of time and gone into a lot of detail, and we probably have better records on Aboriginal communities than ever before and they are probably better than those in other States. It is all very well to know the condition of facilities in these communities, but a lot must be spent on fixing them.

The two initial demonstration communities had power, sewerage and water but there were difficulties in each of the communities on which money had to be spent to fix them. We will need to do that in all the others to make sure they are at the minimum standard. If those three basic things were inspected in any one community, I suspect difficulties might arise with one of those facilities at some time over a period of one or two years.

Mr MARLBOROUGH: As supplementary information, could I be provided with a list of the 48 communities and the standard of their services at present?

Dr HAMES: That is no problem. We had all that information through the working party on the provision of those essential services. We went to a lot of trouble to get all those details. At the time it was very difficult to obtain that information. It was very hard to find somewhere in which it had all been assessed and written down. One of the problems in Aboriginal communities is the number of government departments all doing different things. It is



proposed to coordinate them. For example, the Federal Government, through ATSIC, or even a government department, was providing services to one community that another government department, with a similar responsibility, did not know about and had not adequately recorded. Those figures should all now be available from the report, and I am happy to provide them as supplementary information.

Dr EDWARDS: At page 88 of the Budget Statements is a list of reports that are helping drive policy directions. What is the impact of The Stolen Generations report? Is commonwealth money attached to outcomes from that report and has any of that money been received?

Dr HAMES: No, the State has not yet received any commonwealth money. The \$63m of commonwealth funding will assist as part of the Commonwealth's response. There is \$1m from the State Government's response. Of that, \$800 000 will stay with Family and Children's Services for better records management and to set up a records committee to draw together all the information from government and non-government organisations, including church groups. A counselling service has been provided for people who have been affected, and a committee to help people track and find their families. An amount of \$200 000 will be provided to the Aboriginal Affairs Department to assist people to follow that process.

Dr EDWARDS: Does the commonwealth money go to the state department or does it come through in programs administered through the Commonwealth?

Dr HAMES: I understand the State does not receive that funding, and it goes directly from the Federal Government primarily to ATSIC.

Dr EDWARDS: What level of officers will be appointed to the 16 regional centres?

Mr LOWE: Each of the regional managers will be at level 7. In areas such as the Kimberley, which will have one regional manager in a distant environment at Kununurra, the person will be at level 6 and will be a team leader. The general field staff will be at level 4/5, and the officers who directly support the Commission of Elders and the Aboriginal Justice Commission - each region will have one - will be at level 4. The support for the regional manager will be a level 2 officer in each region. General field staff will be level 4/5, supervisors at level 6, and managers at level 7. They are all experienced people.

Mr MacLEAN: Reference has been made to the demonstration projects currently managed by the department. Will the Minister be more precise about the projects in each area?

[7.50 pm]

Dr HAMES: The first two demonstration projects were at Oombulgurri and Jigalong, and they are progressing very well. We probably started with the two hardest. Those two communities had many difficulties. Jigalong has a population between 300 and 500, and I think Oombulgurri has a population of about 300. Part of the process has been to not just pump in funds, as has happened in the past. The purpose is to normalise them and make them similar to other communities. We have completed town plans and looked particularly at the management structure. When things are just dumped on people by government, they do not function as well as they should. We have put a lot of effort into the management, in working out what they want in their community, where they want it, how they want it to run and what they see as priorities.

In doing that, huge improvements have occurred in the standards of living in those two communities without hardly putting a dollar into it. As part of that, we allowed them to develop local rules, particularly with regard to alcohol. We brought in police wardens, whereby certain Aboriginal people in those communities are given the power of warden to help oversee the local rules within the community. They are provided with uniforms, and a building from which to operate. We will be constructing internal roads within those communities, which will be funded in this coming financial year by Main Roads. We are looking at applying those funds and funds from the Lotteries Commission to do some landscaping and to install play equipment for children. We are trying to bring those standards up to normal. We are talking to the council about doing proper maintenance of the roads, providing a rubbish collection service and so on. That has made a huge difference.

The first community that we will implement is Bunnengarra, which is in the mid west. That community was chosen because it already has a good management structure and is run reasonably well. It does not need a lot. It is no good always going to the best communities and leaving the ones that are well managed, who try hard and do the right thing, with nothing. We are keen to assist them. We are also looking at treating the Dampier peninsula communities as a whole group - in other words, joining One Arm Point, Lombadina, Djarindjin and Beagle Bay, which are the major communities on that Dampier peninsula - and trying to assist them to work together with regard to local government services. We have strayed a little outside our original brief in looking at the 48 communities because we want to try it out on one of the town fringe communities. We have selected Nambi Road, which is adjacent to Leonora. We are

trying to look at the better integration of that community into the mainstream town, rather than it being totally isolated and struggling to survive. We are experimenting a little to find ways to assist those communities without necessarily having to put a lot of extra dollars into them. We are looking at things such as management support for some of them.

An amount of \$3m a year has been allocated over a four year period for the demonstration projects. At the end of that stage, we must look at our total funding package, because if we complete them all within the 10 year period, we will need increased funds for the future. A lot of it is not about increased funding. If we receive an increase, we are not looking at a major increase. A fair amount of money, particularly commonwealth and ATSIC funding, is already going to Aboriginal communities. One of the major problems they have had is the proper coordination of it. We are looking at drawing together the different sources of funding that already exist to make it work better and make it achieve much more than it has in the past.

Mr MacLEAN: At dot point 5 on page 89, you refer to the implementation of new competitive service delivery arrangements. Could you outline how these arrangements would fit into the demonstration projects and the ongoing progress with the demonstration communities, or the standardisation of the communities as you see it?

Dr HAMES: The Aboriginal Affairs Department previously received approximately \$4m a year under the 1996 agreement with the Commonwealth to maintain the essential services in those remote communities. The initial funding for those resources was mostly provided through ATSIC and the Commonwealth, but we agreed to take over the maintenance of them. The Water Corporation previously managed the water side of it for approximately half of that funding, and Western Power previously managed the power side of it for the other \$2m. We found that a fairly inefficient mechanism, because if one had breakdowns within that community, one would have the two different government departments sending people there, sometimes from Perth, to try to fix them. One would have, for example, a breakdown in a power generator in a remote community. Someone would have to fly all the way from Perth perhaps or a regional centre to go there and work out what was wrong, fly back to wherever he came from to get parts, and fly back to fix it. We found that a terribly inefficient mechanism. We went to tender in the three regions for the provision of services. We encouraged Aboriginal communities to be part of it and encouraged them to join with non-Aboriginal service providers to do those things together. We have just awarded three contracts for the provision of those services. Two of them have gone to groups, one solely to an Aboriginal community, the Ngaanatjarra Council out in the western desert to do the goldfields region; and in the Kimberley region there is a combination of a non-Aboriginal contractor in Fitzroy and the Marra Worra Worra Association, which is an Aboriginal organisation in Fitzroy. They are providing the service for the Kimberley.

As far as that relates to the demonstration programs, they were providing the maintenance of the service in the demonstration communities the same as the rest. We are trying to get those groups to link in with ordinary training programs that we provide through other sources, and also others provided by the Departments of Employment, Education, Training and Youth Affairs, such as essential services programs, in which those people get some degree of training towards a trade. The contractors actually employ them as part of their service. Instead of having to fly out from wherever they are based, for example from Fitzroy to Halls Creek, they will have an Aboriginal worker within that community who will have sufficient training to look at the power generator when it has broken down, talk on the telephone to the other person, work out what is wrong, fix it himself if it is something simple, or alternatively tell the contractor what parts he needs to bring when he comes, and then fix it together. We think that will be far more efficient. The total cost of that will be approximately \$4.5m compared with the previous \$4m. However, both Water Corporation and Western Power have been complaining long and hard that \$4m was nowhere near enough to cover the costs. That \$4.5m includes a fair component to provide training and employment for local Aboriginal people.

Mr MacLEAN: On page 88, dot point 3, item 4, you talk of the Aboriginal Affairs Legislative Review. Are there any plans to amend the Aboriginal Affairs Planning Authority Act, and when can we expect to see any changes, if you have that intention, and what are they likely to be?

Dr HAMES: It is planned to amend the Act. We are hoping to have something ready for Cabinet by the end of this year, and to have something through Parliament by the end of next year or the following financial year. It has been in the wind for a fair while, but it is not something that we have been pursuing with any great vigour because other things have been changing along the way to which we have given greater priority. I do not think we are sufficiently advanced in that for me to be able to respond.

[8.00 pm]

Ms MacTIERNAN: Can the Minister tell me how many staff are engaged by the department, and how many of those are identified as being Aborigines?

Dr HAMES: It would be better if I provided the detail of how many are Aborigines by way of supplementary

information because I do not have those details here. The department has 106 staff and 12 contract staff. I think about one-third of those are Aborigines.

Ms MacTIERNAN: Could the department also provide the relevant placements of them in the hierarchy; for example, of those in the senior management of the department, how many are Aborigines?

Dr HAMES: That is difficult to do. We are in the process of a major restructure. We have many positions, particularly with our going to the 23 regional offices compared with the seven that we currently have, and it is expected that many of those positions will be filled by Aboriginal people. Even within head office we have had major changes.

Ms MacTIERNAN: I am interested in the status quo.

Dr HAMES: We can provide the member with a rough idea now, but I cannot guarantee it is accurate.

Mr LOWE: I am not an Aboriginal person. The corporate executive comprises three other members, one of whom is an Aborigine. The positions under that are at level 8. There are two positions in the policy area, one of which is filled by an Aboriginal person. In the operations area, of the two positions neither is filled by an Aboriginal person. In the strategic and business service areas no level 8 positions at the moment are currently filled. There are seven regional manager positions, which is being reduced to six because we are reducing the number of regions, and Aborigines hold all of those positions.

In the next rung down, I think only one level 6 position is filled by an Aborigine. That position is based in Kununurra. I think all of the rest of the positions are held by non-Aboriginal people, but there are a couple of vacancies at that level.

Ms MacTIERNAN: One of the three other members within the corporate executive area is an Aboriginal person. Why was that person not invited to attend tonight?

Mr LOWE: He is getting on a plane at about 5.30 tomorrow morning, and he begged off. The normal procedure, in my history, is that the Minister usually comes to the Estimates Committee hearing with the chief executive officer and the head finance person. I will be interstate next week and on leave the week after that. While I am away the Aboriginal person will be acting in my position. He will be the chief executive officer and will attend the Legislative Council Estimates Committee hearing next week. His name is Mick Gooda. He is the ex-deputy state manager for the Aboriginal and Torres Strait Islander Commission in Western Australia. He has come from Queensland where he has been in charge of two regional ATSIC offices and he worked in ATSIC in Canberra prior to his coming to Western Australia.

Dr EDWARDS: I have two brief questions relating to the items on page 92; that is, management support and service delivery to Aboriginal communities. The total cost of output shows less operating revenue and there is quite a difference in the figure for this financial year and that for the next. I am sure this is easily explained, but I seek that explanation.

Dr HAMES: My advisers do not have the detail of that. I will provide it by way of supplementary information.

Dr EDWARDS: Under the performance measures for this output a number of the quality measures are set out at 100 per cent. How can it possibly be 100 per cent, given the nature of the work? One item relates to the percentage of days in the year that essential services were fully operational. What is meant by that exactly? Does it mean the services that are referred to earlier in the item? If they were always 100 per cent operational, how was that achieved? All the other departments would be incredibly envious of that achievement.

Dr HAMES: I think this relates to the wording of the performance fulfilment requirements. It is not saying, for example, that the community patrols are active for 100 per cent of the time; but that the communities that have sought assistance during that financial year from community patrols have all been assisted.

Ms MacTIERNAN: Does that mean every Aboriginal community?

Dr EDWARDS: No. The communities that have a patrol have been assisted.

Dr HAMES: It means the communities that have the service have been assisted.

Ms MacTIERNAN: By definition, these performance indicators are absolute nonsense.

Dr EDWARDS: It is not a reflection of the quality of the assistance; it is merely a fact that assistance was sought and given in each of the cases; in other words, in 100 per cent of those cases.

Mr LOWE: The department is being re-energised at the moment.

Dr EDWARDS: That is not necessary if this figure of 100 per cent is accurate.

Mr LOWE: We have not reached 100 per cent already. This is the figure estimated for 1997-98. I confess that I did not write this, but somehow it has managed to get through the system. The target for next year is to improve performance significantly. I do not think we have achieved 100 per cent on quality. I am not quite sure how this information got through into this document.

Mr MARLBOROUGH: I refer to the third dot point on page 88 which relates to policy directions. It states that the driving forces for the development of government activity in Aboriginal affairs are based on the reforms recommended by major reviews in Aboriginal affairs contained mainly in, among others, the "Report of the Royal Commission into Aboriginal Deaths in Custody". It has been a significant number of years since the royal commission took place. My understanding is that we are still a long way from implementing the key recommendations of that royal commission report. Where are we at - unfortunately we lead the nation in the area of putting Aboriginal people in prison and their deaths in custody - with the implementation of the royal commission recommendations?

Dr HAMES: As part of the recommendations, we have appointed a full time Aboriginal person as the chairperson of the State Aboriginal Justice Council to go with each of the regional committees. Her name is Glenis Sibosado.

Mr MARLBOROUGH: I know Glenis. She is from Broome.

Dr HAMES: She was the chairperson on a part time basis, working on the original report. We were very happy with the report that she did and appointed her on a full time basis. There was a bit of a gap between those two appointments. While she was appointed in the first instance, we had a reputation of being better than any State in our responses to the recommendations of that royal commission. We lapsed behind a little in the intervening time before we appointed a full time chairperson. Now I am pleased to say that we have caught back up and are in front again. Many of those recommendations from the royal commission have been implemented. I have before me - this can be made available to the member if he would like it - the "Government of Western Australia 1997 Implementation Report into the Royal Commission into Aboriginal Deaths in Custody". This is an inch thick book that goes through all of those recommendations, how each of them has been achieved and how the Government is doing that.

[8.10 pm]

Mr MacLEAN: I have not seen that report. What the Minister is saying is that report would show that all of the recommendations made by the Royal Commission into Aboriginal Deaths in Custody have been implemented in Western Australia? Is that what we are being told?

Dr HAMES: No, it does not show that. It shows the progress in each of them. Some recommendations have been completely implemented, and some have been partly implemented. Rates are given in the book which show that some have ongoing implementation. There is a whole range of responses.

Mr MARLBOROUGH: With the greatest of respect, it is the Minister's department. It is the responsibility of his portfolio to ensure that the recommendations of that report are implemented. Can the Minister supply that as supplementary information?

The point I make from the outset is that here we are some years later. In my understanding - and the Minister has not suggested that I am wrong in what I am saying - a number of key elements of that royal commission report are still to be implemented. That was a national report, not something exclusively for Western Australia. I am not suggesting that WA is any worse or any better than any other State. I am concerned at the moment only with Western Australia and what is going on here. Key elements of that royal commission report which in my opinion, and in the opinion of the royal commission, would make a significant difference have not been implemented. If I am right in that, which of the recommendations have not been implemented? To what time frame is the Government working to implement them; or has the Government made a decision to reject some of those recommendations?

Dr HAMES: The commission made a large number of recommendations, as the member for Peel is aware. Not all of those will be implemented, at least to the full degree. As a State, compared to other States, we have done well in addressing those recommendations. The Chair of the Aboriginal Justice Council has not brought to my attention any major recommendations that she strongly believes should be supported that are not being supported.

Mr MARLBOROUGH: By way of supplementary information, I ask the Minister to provide me with details of those parts of the recommendations of the Royal Commission into Aboriginal Deaths in Custody that have not been implemented; that have been partially implemented; where possible, a time frame for the implementation of those matters that have been partially, or are yet to be, implemented; and those recommendations that the Government has no intention of implementing.

Dr HAMES: I cannot provide all of that information. I cannot provide it as supplementary information. However, I can provide most of that if you put it on notice in terms of the text I was reading from.

Mr MARLBOROUGH: Is that text the final report on the Government's position?

Dr HAMES: That is the draft report. The final report is going to the Justice Coordination Council at its next meeting and, I presume that after that it will be then available to the public. Provided that is the case, I will provide it to the member for Peel for his information.

Mr MARLBOROUGH: By way of clarification, what is the title of that report?

Dr HAMES: It is the "Government of Western Australia 1997 Implementation Report into the Royal Commission into Aboriginal Deaths in Custody".

Mr MARLBOROUGH: Where is that report going to?

Dr HAMES: The Justice Coordinating Committee.

Mr MARLBOROUGH: Of which Mrs Sibosado is now Chair?

Dr HAMES: No, she is Chair of the Aboriginal Justice Council. However, she is a member of the Justice Coordination Committee and she will be taking that report and presenting it.

Mr MARLBOROUGH: Who are the members of that justice committee?

Dr HAMES: They are the ones I mentioned before. It is chaired by the Attorney General. I am a member. The CEOs, the Minister for Police, the Minister for Health and the Minister for Resources Development also attend.

Mr MARLBOROUGH: So it is a ministerial body?

Dr HAMES: It has ministerial and chief executive officers. However, for example, the Police Commissioner, representatives from the Aboriginal Affairs Department and the Chair of the Aboriginal Justice Council attend as well.

Mr MARLBOROUGH: The title of the committee indicated that people from outside the Government, judges and the like, may sit on that committee. Did the Minister say that the report would go to that Committee this week?

Dr HAMES: I do not know when the next meeting is.

Mr MARLBOROUGH: As a result of that process, it will then become a document available for public comment?

Dr HAMES: If that is decided by the committee - and I have no reason to suspect that it will not; but I am not in a position to say.

Ms MacTIERNAN: Could I clear up a small ambiguity? The 16 new locations, as they are referred to in the text, are not necessarily 16 new offices?

Dr HAMES: No, they are not necessarily 16 new offices. There might be more than 16 new offices.

Ms MacTIERNAN: What does a location consist of, if it does not consist of an office?

Dr HAMES: If it is a relatively small community, an individual officer may share an office with other government departments, for example, or with local government. We were in Halls Creek recently and discussed the option there of having an office within the local government building or offices that they had available.

Ms MacTIERNAN: The Minister mentioned that that might be the sort of arrangement in Armadale. What, for example, would the Minister then see this officer doing?

Dr HAMES: Bearing in mind that we are not a funding organisation, our role is to coordinate government departments. If we were a funding group, we would have all the funding for Aboriginal health, justice and so on. We are a coordinating department and the Government feels that we need to perform that role better and in doing so we need our officers out there on the ground to try to assist Aboriginal people to deal with bureaucracy. For instance, if an Aboriginal person in Halls Creek has a difficulty with Homeswest and they are not able to resolve that directly themselves with Homeswest, the Aboriginal Affairs officer will act as an advocate for that person and perhaps go with them to Homeswest.

Ms MacTIERNAN: But doesn't Homeswest have its own Aboriginal liaison officers?

Dr HAMES: Homeswest has Aboriginal people within an Aboriginal Affairs department. It has Aboriginal people

performing various roles, including assisting people into accommodation. However, it does not have someone who is employed to act as an advocate for Aboriginal people. Of course, it may be any other government department, for instance Family and Children's Services, Police or whatever. So, that person will have a role. It may be something as simple as helping an Aboriginal community to access a lotteries grant to buy play equipment. A lot of Aboriginal people have difficulty in dealing with bureaucracy and understanding the sorts of things that they are required to do. It may be to provide personal counselling and advice on difficulties that they are experiencing at home, assisting them to liaise with non-government departments in the area of financial counselling. Their role is to assist Aboriginal people in whatever way they require assistance.

[8.20 pm]

Ms MacTIERNAN: A good program if you get good people!

Dr EDWARDS: I refer to the heading "Performance Measures for Output 4" at page 94, where one of the quality measures is the Minister's satisfaction with the quality of policy advice provided. What will need to change between this financial year and next financial year in order for the target to move from the 80 per cent that it is currently to 100 per cent?

Dr HAMES: That is a good question! It is partly a response to the change in structure that we have had. I think it is fair to say that under the previous structure, I was not completely satisfied with the timeliness or quality of the advice that I was receiving from various sources, and there were a number of reasons for that. I cannot tell you exactly how that percentage was arrived at.

Dr EDWARDS: How do you measure your satisfaction? For example, we had a similar output in a different division, where it was numbered from one to seven, but that Minister had no idea what was one and what was seven. When you receive advice, do you have other people evaluate it to give you a different opinion? How do you get some measure of objectivity?

Dr HAMES: I actually wear a little buzzer, and when my body gets to a satisfaction level of 70 or 80 per cent, it goes off! It is never easy for people to gauge their degree of satisfaction. If you were to gauge your degree of satisfaction with my responses tonight, you would probably put it at between -

Dr EDWARDS: I would give you an eight!

Dr HAMES: I guess that is the whole point about gauging one's level of satisfaction. My level of satisfaction is certainly not 100 per cent, but it certainly is much better than half. I have made it clear that I expect improvement, and that improvement will come, I am certain, through improving the structure of the Aboriginal Affairs Department. To some extent, it is an arbitrary figure that is chosen in the same way that you would choose to indicate your level of satisfaction or dissatisfaction with any particular item.

Dr EDWARDS: At the bottom of page 94, under the heading "Effectiveness", reference is made to collecting baseline economic and social data of communities assisted and using that data over time to look at the effectiveness of outputs. Who collects that data, how do you keep it, and how do you protect people's confidentiality, given that some communities are quite small and presumably the data that is collected will be used to evaluate the outcome of measures taken in those communities?

Dr HAMES: A lot of data was collected in the environmental health needs survey that was conducted by the Health Department. That type of very detailed, in-depth study had never been done before. That study did not have names attached, but it did relate specifically to communities, and a considerable amount of money was spent on collecting and collating that information. That data is now available on disk, and recently we provided all that information to Princess Margaret Hospital for Children for some research that we are planning to do, in conjunction with its research, in some of the remote Aboriginal communities to examine the relationship of early treatment to otitis media and nasal infections, and the relationship between otitis media, nasal infections and other conditions such as bronchitis and pneumonia in Aboriginal children. We are also looking at the effect of swimming pools, because communities that have swimming pools have experienced a significant improvement in the health of Aboriginal children, particularly with regard to scabies and staphylococcal skin infections. Professor Fiona Stanley's research on Aboriginal communities has been excellent. We are planning to do some research through that unit, and as part of that we have provided all that information, which they regard as a tremendous achievement.

Mr LOWE: In the next month, we will be calling for tenders for an evaluation program for the Aboriginal Affairs Department to take place over the next three years. We will include a formative, as well as an outcome evaluation of demonstration programs. We will be adding to the measures that we have in the environmental health needs survey. Data is already being collected in Geraldton, where there is an offender management program, that involves income levels, degree of health problems, degree of contact with the criminal justice system, and those sorts of things.

It is probably fair to say that by the end of this financial year, we will have a clear idea of what data we are collecting and will be adding it to the data that we have now.

Mrs van de KLASHORST: I came in late because I was running another session, and this matter may have been dealt with, but I refer to the fifth dot point at page 89, which states that a major new initiative for 1998-99 is the implementation of new competitive service delivery arrangements for power, water and waste water service delivery in large established remote Aboriginal communities, and the delivery of an education and training package to promote energy efficiency in approximately 60 discrete Aboriginal communities. What are you doing, and how are you measuring that outcome?

Dr HAMES: That matter has been discussed to a large degree.

Mrs van de KLASHORST: I will look that up in the *Hansard*. I refer to the capital budget statement at page 98. The computer replacement program is listed under "Completed works" for 1997-98, but an amount of \$450 000 has been allocated for computer replacement under "New works". Is there a line item in the budget for the millennium bug problem, how much will that cost, and how will that affect your department?

Dr HAMES: All government departments have been given strict instructions to ensure that they are up to date with the millennium bug and are working very hard to ensure that they include in their reports how they are going and what funds they are spending. All of my departments have been doing that.

Mr BOWEN: We have had a year 2000 management plan in place for the past three months, and we have consultants on board to assist us to do an audit of all our systems and equipment to ensure that we do not have any year 2000 problems. That report is due in the next week or so. We have had a draft report that indicates that we do not have a major problem. We are looking at implementing a strategy to ensure that software that is not year 2000 compatible will be brought up to year 2000 compatibility by the end of this calendar year. In essence there is little that we have that is not year 2000 compatible.

[8.30 pm]

Mrs van de KLASHORST: It is not a major item.

Mr BOWEN: No, and to the extent that we must do remedial work to bring the systems up to date it will be part of our ongoing software replacement program.

Mr MARLBOROUGH: I refer to a point on page 88 which states -

Aboriginal culture has been eroded by historical events. The strengthening of culture among Aboriginal people is viewed as a major strategy in reducing conflict with the justice system and to improve social and health outcomes.

That is saying that strengthening and enhancing Aboriginal culture is a cure-all for many of the department's key elements. How does that statement sit with the Minister with regard to the position taken by the Federal Government over Wik, which would be crucial to advancing the cultural wellbeing of Aboriginal people? I am not aware that any members of the Commission of Elders is opposed to Wik. My understanding is that they see land rights as a significant factor in the future of Aboriginal people. How does the Minister reconcile that statement with the position taken by John Howard and this Government?

Dr HAMES: I do not agree with the interpretation that is being placed on that issue by the member for Peel.

Mr MARLBOROUGH: You do not accept that land rights are a significant cultural issue?

Dr HAMES: I do not agree with the interpretation that all Aboriginal people, even all Commission of Elders members, regard the Wik decision as being paramount to the retention of their culture. People's views vary, and some have stronger views than others. For example, I have just returned from the Kimberley, where I have had lengthy discussions with some Aboriginal elders who do not support Wik and believe it distracts from the real issues, and with others who do support it.

The Aboriginal Lands Trust has the responsibility to hand back land and to hold land in trust for Aboriginal people. As part of that, if Aboriginal communities want freehold title to lands that are held in trust by the Aboriginal Lands Trust we would be happy to progress that. In most cases they feel they have greater certainty and security of tenure under the existing operations of the Aboriginal Lands Trust. Those elders regard many other things as being important to their future, particularly the loss of their culture and language.

Ms MacTIERNAN: That is associated with their land.

Dr HAMES: One major problem in the Kimberley region is that the elders we were talking to are 70 to 80 years old.

They saw their first white man when they were 13 or 14. Many Aboriginal people in that region are under 30. There are a lot of children in that area, but comparatively few Aborigines in the intervening age groups.

Mr MARLBOROUGH: The Minister is saying that the Aboriginal community is no different from any other section of community; that is, they all have different points of view. The reality is that the Aboriginal community nationally has taken a stand on Wik. The High Court brought down a decision on Wik based on the significance of land to the cultural heritage of Aboriginal people. It is not based on some interpretation of the Minister's discussion with a particular elder in the Kimberley. In many ways the Minister is being unfair to the Aboriginal people by singling out any particular elder. Things do change as we go through life. I had a small part in the Noonkanbah events when I lived in the Pilbara. There was an interesting article in *The West Australian* last week about the head of the Noonkanbah Aboriginal community who is now a Christian and holds a different view from that which he had all those years ago. All that says is that people change.

The departmental statement refers to the cultural significance of Aboriginal people, which I think is accurate, and the benefits that has to their wellbeing in areas like health, education and justice. I would have thought that regardless of John Howard's position, the Minister, as head of the Aboriginal Affairs Department, knowing the wishes of the Aboriginal people through that High Court judgment giving them rights to their land, would take that issue to John Howard to get him to change his view rather than accepting that his view is the correct view.

Dr HAMES: The responsibility for native title rests not with my department but with the Premier. To some extent that has been an advantage in my dealings with Aboriginal communities. Although part of what the member says is true, I did not name any individual, and it is not just one elder but many others who hold similar views. Of course, others hold strong views in support of native title. Views vary. To a degree we have separated those roles and I do address the Premier on the issue of native title and the effect of the commonwealth legislation. However, whether it was Mabo, Wik or the amendments that have been proposed to Wik and how they will affect Aboriginal communities, Aboriginal people regard their history and association with the land as extremely important. That is a part of their culture; it is not all of their culture. Many things which are separate to that affect their future and behaviour. They can live, as they have been, with the attachment to the land they have been provided with through the Aboriginal Lands Trust. The Wik decision and others would give them better access and control of land, and to some extent they have been using the uncertainty that has been felt in their negotiations with mining companies, in particular. That issue has a long way to go. I do not get lobbied on it, because Aboriginal people recognise that is not my role. Although I represent the interests of Aboriginal people, that issue has been left to the Premier and to the Commonwealth.

[8.40 pm]

**Division 73: Office of Water Regulation, \$5 763 000 -**

[Dr Edwards, Chairman.]

[Dr Hames, Minister for Water Resources.]

[Mr P.A. Kelly, Executive Director, Operations and Performance.]

[Ms S. Henshall, Manager, Corporate Services.]

Mr MacLEAN: Has the Office of Water Regulation increased its profile as a result of the national competition policy?

Dr HAMES: It has to a degree. The former Water Authority had responsibility for all matters relating to the provision of water and sewerage services. Following the Council of Australian Governments' requirements, that body was split into the Water Corporation - the service provider; the Office of Water Regulation - the regulator; and the Water and Rivers Commission, which is responsible for water resource management. As a result of that reform, the Office of Water Regulation plays a significant role.

Mr MacLEAN: Is the Water Corporation responsible to the Office of Water Regulation? Does the Office of Water Regulation license the Water Corporation for the amount of water it extracts?

Mr KELLY: The Water and Rivers Commission is responsible for water allocation. The Office of Water Regulation licenses the operations of the Water Corporation, but it does not allocate the amount of resource that can be utilised.

Mr MacLEAN: Given that the office licences the operations of the corporation, does the office not undertake regulatory checks or balances on what the corporation does?

Mr KELLY: The Water and Rivers Commission is responsible for allocating the amount of water to any water service provider - be it the Busselton Water Board or the Water Corporation. It is responsible for allocating the total



quantity to be drawn. Those bodies have licences from the Water and Rivers Commission which specify the allocation. The Office of Water Regulation licenses the operations of the water service provider. No-one can provide water in a commercial way within Western Australia without getting an operating licence from the Office of Water Regulation. That licence contains performance standards, the customer service charter, the asset management requirements, and so on. The operating licence does not specify the amount of water that can be used.

Mr MARLBOROUGH: Can you select the water operator?

Dr HAMES: Yes. That is how we create competition. For example, in the south west an area close to Bunbury needs a service. The Office of Water Regulation will decide which of the water service providers will operate - whether the Water Corporation or an independent provider. The same occurs in other parts of the State. The Water and Rivers Commission may allocate an area but we decide on the provider.

Mr MacLEAN: What input do you have to transportable water rights, as part of the national competition policy?

Dr HAMES: None. That comes under the Water and Rivers Commission.

Mrs van de KLASHORST: I refer to output 3, farm water financial assistance, at page 1297. I note an increase of about \$2m. Does it mean that the funds were not used the previous year? We have had an extremely dry year, so how do you explain that increase?

Dr HAMES: First, we have received an extra \$1m for the forthcoming year to allocate to farm water grants; as part of that we will expand our area to cover pastoral areas. Some of the funds have been allocated but are yet to be spent. We will provide a subsidy for farmers suffering dry conditions, to provide water either for stock or farm requirements, or for personal use. A strict assessment method is based on rainfall for the area, and many other issues. The subsidy is 50 per cent for domestic use and 25 per cent for other uses.

Mrs van de KLASHORST: Will that be applied to only country areas? What about the outer metropolitan areas which do not have spring water? Will those areas be included during dry years?

Dr HAMES: No. This is a specific allocation for farm water supply in areas that do not have access to water. It is not for intensive farming, such as piggeries or sheep farming under cover. It is for broadacre farming and use on stock. It is not for all country areas; it is only for those which have a low water supply.

Mrs van de KLASHORST: Must they be declared drought areas?

Dr HAMES: No. Anyone can apply, but only those in the areas that are generally allocated tend to apply. Those in high rainfall areas know that there is no point in applying, because it would be difficult for them to become eligible.

Mrs van de KLASHORST: I refer now to performance measures for output 3, farm water grants processed. I note the estimated figure of \$300 000 last year, and the target this year is the same. Do you anticipate an increase as a result of the \$1m increase mentioned earlier?

[8.50 pm]

Dr HAMES: We do not know exactly how many grants there will be; it is impossible to estimate. The figure was put at 300 because that is at least the minimum number of grants to be provided. The extra \$1m will provide more grants, but the value of the grants has tended to increase so more money is required to cover the grants. We are confident that the figure will increase, but we are not able to predict by how much.

The CHAIRMAN: The middle of the second paragraph on page 1293 reads -

Existing operating areas and some new areas will be opened up to competition through an open expression of interest and licence application process.

Which operating and new areas are under consideration?

Mr KELLY: The new areas are where new applications are received for the provision of water services. Examples of this are Coral Bay and Kemerton industrial park, for which we called for licence applications. In future, every new water service of any reasonable size will have applications called for licences. Again, it is unpredictable as it depends upon development approvals through the Ministry of Planning and new subdivisions coming through for regional areas.

The CHAIRMAN: Are some of those areas you just mentioned, such as Kemerton, existing operating areas?

Mr KELLY: They will need to be declared operating areas and need to be extended. Some border existing operating

areas, and we need to amend the operating areas to include them. One case in point, previously mentioned by the Minister, is Dalyellup south of Bunbury. It is outside existing operating areas for both the Water Corporation and Aqwest, the Bunbury Water Board. Once we reach the licensing stage, we will need to amend the operating area so a licence can be issued.

Mr MARLBOROUGH: My reading of the quoted reference, and the executive officer's statement, is that we are seeing a clear indication by the Government that it will be privatising water facilities in this State. Whereas traditionally we have either had state or local government authorities providing water, private operators will move in. We are told that any new development will be targeted; I suggest it will be more than only regional areas.

I understand that last year the Water Corporation looked at a development in Armadale, for which the developer proposed to provide its own sewerage system and water supply. That was considered by the Water Corporation to be the possible first cab off the rank with the privatisation of water supply in this State. Is that, or any other subdivision, being considered by the Water Corporation? Is that intended with supposedly new areas like Kemerton? Will we see the State's resource of water handed over to private authorities to run profitably?

Dr HAMES: That is not the correct interpretation in a general sense, although it may be correct in a minor sense. We are not looking to hand over areas currently managed by existing operatives, be it Aqwest, Busselton Water Board or the Water Corporation. Part of the Council of Australian Governments' reforms and national competition policy suggest that departments like the Water Corporation should be able to compete with the private sector in the provision of services. A good example is the Oakajee development, which went out to tender for the provision of its water supply. That is an individual industry, so it is different in a way. However, at Coral Bay we went to the private sector to invite expressions of interest for the provision of the service.

We had some problems with Armadale because the costs suggested for the provision of the service by the Water Corporation were high because the development was regarded by the corporation as being ahead of the front. Ellenbrook, which pays a surcharge for the provision of water, is in the same situation. That means that the development is well in front of where the Water Corporation could normally be expected to provide the service. The corporation spoke about doing that for Armadale. As part of our discussion, it was thought an opportunity might arise for the private sector, including the developer, to be involved. I am pleased that the Water Corporation decided not to make that area "ahead of the front" and to keep it as part of its normal development. Therefore, costs have been reduced.

Mr MARLBOROUGH: Following that scenario, the Government is not inhibited in looking at any development, be it regional or metropolitan, where existing services are provided, to bring in a private operator to provide a water supply and sewerage system.

Regarding the Armadale experience, if the Water Corporation had not reduced its cost, I assume that the corollary would be that a private developer would somehow be paying a government authority to use existing infrastructure, such as Serpentine or Wellington Dam, to make a clear profit out of the supply of water to residential development in the metropolitan area.

Is a company from the United Kingdom not in Perth at the moment? I spoke to a number of these private water companies in the UK in 1994. They made it clear that they were the richest companies in the UK as they had been given a golden egg by Maggie Thatcher. They were making a fortune. They were the largest investors throughout Europe with money to burn, and they were coming to Australia. They highlighted that they were coming to Perth. I understand that one, if not more, of those companies is already in Perth lobbying the Minister and the Government very strongly to allow private operators into the water and sewerage systems.

Dr HAMES: We have no licences issued to any overseas groups. I certainly have not been lobbied by any overseas group.

Mr MARLBOROUGH: Are you aware of their existence in Perth?

Dr HAMES: I am. I am also aware that a French company may well be operating here.

The situation at Armadale was not with the provision of water, but sewerage. It was looking at providing its own system -

Mr MARLBOROUGH: It was a disaster in America.

Dr HAMES: Can I finish? I am certainly not looking for overseas companies to set up; I am trying to ensure that the Water Corporation is as efficient as it can be so we can avoid that situation.

One of our goals for the Water Corporation is to adopt benchmarking standards which compare with any overseas

company in the provision of that service. Companies will find it very difficult to compete with the Water Corporation. Although people complain about charges on occasions, it is an efficient service. One must be sure that all the extra things provided by the corporation are taken into account; namely, the cost of the infrastructure and the community service obligations provided. As part of the recent reform, all those aspects are clearly identified. Most CSOs are provided in the country. Nevertheless, under national competition policy that has been adopted federally by all States and they are required to meet certain competition standards. As I said I am very reluctant to see overseas companies moving in. I am making sure that the Water Corporation is in a strong position to beat overseas companies in any reasonable tender.

[9.00 pm]

Mr MARLBOROUGH: I refer to appropriation and forward estimates at page 1292. The figures indicate a significant reduction in outputs from \$5.7m in 1998-99 to \$4.9m in 2000-01. In real terms, allowing for inflation, the decrease will not be as great. What is the purpose for that reduction?

Ms HENSHALL: The decrease is largely due to the fact that we pay subsidies to South West Irrigation Management Cooperative, the local government sewerage subsidy scheme and Coral Bay and subsidies will be declining over that period.

Mr MARLBOROUGH: Like you, Minister, I share concerns about the cost of many of our services such as water, sewerage and power. I refer to the third dot point on page 1292. How much effort is put into examining the way the Water Authority costs its operations? In 12 years as a member of Parliament in my area of Kwinana, where water for industrial use is obviously strategically important, I have seen three key industries leave Western Australia for other parts of Australia because of the cost of infrastructure, particularly the cost of water and power and the treatment of water. They are substantial costs which industries must consider when deciding whether to locate here. Traditionally, those costs have been higher here than elsewhere in Australia. We have always been told that that is because of our size and the distance we must pipe water. We do not have the Snowy Mountain scheme.

It is an ongoing concern for consumers, particularly for industries involved with the downstream processing of our minerals. It must be tackled with some urgency. Unless we bring these services in line with what is being charged in the other States, key industries will determine that it will pay them to move to the east coast to downstream process many of our mineral products because the cost of water, sewerage and power is significantly cheaper there.

[9.05 pm]

Dr HAMES: That is not necessarily the case. The price of water and power are obviously very important, perhaps power more so than water in that it tends to be one of the major and more expensive requirements of any industry. In some senses competition with other States in that area has been very difficult in the past because of their more easily supplied power. Perhaps now that we are improving by changing to gas we will be in a better position. The price of water in Western Australia is about average for Australia. It is certainly not as cheap as water in Victoria, which has the Snowy Mountains scheme and masses of water on its doorstep. We will never be able to compete with that.

Mr MARLBOROUGH: Our sewage treatment costs are a lot higher.

Dr HAMES: I am not aware of that. I would be interested to look at the figures. As part of the reforms that have been carried out, there was a fairly major subsidy for residential sewerage management by business. As part of the reforms that we have undertaken, sewerage costs to industry have significantly decreased. It depends where companies are located. Some have the ability, which is not available in other States, to provide their own water. Alcoa provides all its own water and is not charged for doing so. It depends where businesses locate and what sort of services they require.

Ms MacTIERNAN: Is the Office of Water Regulation responsible for recommending capital works that need to be done to enhance water supply?

Dr HAMES: No.

Ms MacTIERNAN: Where does that responsibility rest?

Dr HAMES: The Water Corporation decides on which capital works it wishes to spend its funds.

Ms MacTIERNAN: I note that you are dealing with the water supply problems of farmers. Who is dealing with the question of ongoing availability of water and the concern for the declining resources in the Gascoyne region?

Dr HAMES: It is a sort of combined function. It depends on to which area of the Gascoyne you are referring. In an area where someone has been given a licence, like the Water Corporation for example, it is responsible for that

water provision. Carnarvon is an example of that. In other areas where the problem is bores that have been put down by pastoralists, which are leaking out a lot of underground water, as part of our pastoral strategy the Water and Rivers Commission, which we will be dealing with in a short time, has the responsibility of managing the situation. That may include capping those bores and determining what underground water supply there is for any town. It determines the water supply for Denham, for example; it determines the quality of water and whether the supply is improving or deteriorating. The Office of Water Regulation decides, if water is to be provided to an area which has not had that provision before, who should be given that operating licence. All three of those departments play a different role in the provision of that service.

[9.10 pm]

**Division 74: Swan River Trust, \$2 307 000 -**

[Ms McHale, Chairman.]

[Dr Hames, Minister for Water Resources.]

[Mr R.F. Payne, Chief Executive Officer, Water and Rivers Commission.]

[Mr R.P. Atkins, Manager, Swan River Trust.]

Mr MacLEAN: On page 1156 mention is made of protecting the waterways of the Swan and Canning Rivers from pollution. Are there any plans to restrict the use of two-stroke motors on the two rivers, as they are a known source of oil pollution?

Dr HAMES: No.

Mr MacLEAN: Given that every time a two-stroke motor ticks over it pumps a small quantity of oil into the water, are motor types to be investigated for the purpose of restricting the use of those that are not environmentally friendly?

Dr HAMES: No, there are no such plans. The difficulty with that is the lack of any alternatives at reasonable cost. We want people to use the river. We do not want to inhibit regular users of boats from having access to the river. If we were to introduce a restriction on two-stroke motors when there is no reasonable, cheap alternative, we would cause severe disruption to the boating community. I have no intention of doing that.

Dr EDWARDS: I refer to page 1156 and the Swan-Canning clean-up program. What funding was allocated to this program in 1997-98 and what will be provided in 1998-99?

[9.15 pm]

Mr ATKINS: The funding for the program in 1997-98 is just over \$1m. It is hard to give a precise figure because costs over and above the identified \$1m are embedded in the budgets of both the Swan River Trust and the Water and Rivers Commission. It is certainly more than \$1m, and it will be a similar amount for 1998-99.

Dr EDWARDS: With regard to the clean-up, has any money been provided by the Natural Heritage Trust?

Mr ATKINS: There is NHT money already in the program, and it is largely through the Swan-Avon catchment management program and mostly expressed through the Swan catchment centre within the Swan River Trust area, and through the Avon program in the upper catchment.

Dr EDWARDS: Can that be provided as supplementary information?

Dr HAMES: Yes, it will be provided.

Dr EDWARDS: With regard to money for the Swan-Avon clean-up, what has been spent on advertising in 1997-98, and what is the anticipated expenditure in 1998-99?

Dr HAMES: The answer is provided on page 1162 of the Budget Statements under output 5. Other things are included as part of that. It is \$153 000 for 1997-98 and \$172 000 for 1998-99. The Water and Rivers Commission also has a budget for advertising in general terms in relation to the river. The member will have seen some of the advertisements on pollution of the river and the drains. That could be included in that funding.

Dr EDWARDS: At this stage what is the projected cost of a total clean-up and in what time frame will it be undertaken?

Dr HAMES: The member will have seen recent media reports on estimated costs from a report yet to be released. To some extent, that is unfortunate. I have not seen the report because it has not yet been concluded. A figure of \$34m has been quoted, and we have not yet been able to go through that and ascertain what that comprises, how much

is already being spent - some of those things are already included in current expenditure - and the time frame for implementation of the recommendations. That report will be released in July and once it is released it will be open for public comment.

Mrs van de KLASHORST: I refer to output 2 at page 1159 relating to regulation of riverside development. This includes development adversely affecting the environment and amenity values of the Swan River. Does the development of planning schemes and policy relate directly to development on the shores of the river, or does it include the catchment areas of small tributaries leading into the river? Is the plan broader than it appears on paper?

Dr HAMES: My advisers have individual responsibility through their departments for the different parts. The Swan River Trust is responsible for developments adjacent to the river, through the Swan River Trust Board, which assesses all development proposals within a certain distance of the river, and details are sent to it by the Ministry for Planning. The Water and Rivers Commission has responsibility for developments over catchment areas. At the end of the day the Western Australian Planning Commission has ultimate responsibility but the Water and Rivers Commission determines components of that and whether it is appropriate in those upper catchment areas.

[9.20 pm]

Mrs van de KLASHORST: This budget item really only relates to anyone who wants to build on the side of the river or any development on the edge of the river.

Dr HAMES: Yes, that is correct, in what is called the management area.

Dr EDWARDS: On page 1156, under major initiatives for 1998-99, there is a statement, "Prepare, in collaboration with the Ministry for Planning, a landscape development control policy for the Swan and Canning rivers and their environs". Can you explain what that means, who is driving it, what are the terms of reference, and who are the people involved in developing that policy, and will it come out for community input or consultation?

Mr PAYNE: Basically the Water and Rivers Commission has a specific relationship with the Ministry for Planning about what goes on in catchments in terms of planning around estuaries. That involves ourselves, local government and the Planning Commission. We try to create an overarching environment of how that planning is approached. Within that, the Swan River Trust has a specific relationship.

Mr ATKINS: The policy development plan is for development within the management areas. That is on the river and around the margins of the river. It is aimed at developing a single set of guidelines and development control policies in collaboration with local government and the Ministry for Planning. The project will be jointly funded by the trust and the Ministry for Planning on a dollar for dollar basis. A brief will be jointly prepared by the ministry and the trust, and it will be aimed at coming up with policy guidelines, the fabric of which we have not decided yet. The aim will be to encourage local governments to include these guidelines as development control provisions within their town planning schemes, so that local government decision making on development control matches WA Planning Commission policy and trust policy and we bring the three policy areas together on common ground.

Dr EDWARDS: You have a timeliness performance measure for output 2 which is regulating riverside development. Will this policy go somewhere towards answering the criticism by developers about the time taken when they want to do a development near the river, and the other criticism that when they do, many regulatory bodies must tick off the plan, starting with local government and then through to the Swan River Trust and the Water and Rivers Commission?

Dr HAMES: There certainly has been some criticism of the time taken; often developments would have to go through planning, local government, the Swan River Trust, and sometimes the Minister for the Environment, and the Department of Environmental Protection as well. I certainly do not want developers to avoid doing that; any development close to the river needs to be very strictly regulated and controlled. On the other hand, we do want to improve procedures so that although tick offs by those departments are necessary, we have a better system in place so that it does not take too long. In doing that, we are dealing with two areas. It is a totally separate issue from Housing. I am looking at the planning of building approvals by local governments to improve the time taken in that sense. I know the Minister for Local Government is doing the same. We are working together on this to improve the times that are taken to obtain building approvals but at the same time, for the rest, we are trying to put together a better structure to streamline the whole process.

[9.25 pm]

Mr MacLEAN: I have a quick question; however, if the Minister cannot answer it, I am quite happy to have his response provided as supplementary information. On the South Perth side of the Narrows Bridge are a number of road drainage pipes leading out into the Swan River. Are these still in operation, or is it just a matter of their not having been taken away?

Dr HAMES: They still operate. They are mainly drainage systems coming off the freeway or local roads. They are just stormwater drain outlets.

Mr MacLEAN: Are there any plans in the near future to have them connected with the main sewerage lines in that area?

Dr HAMES: No; not that I am aware, nor is there any requirement to do so. In a sense they are no different from all the other drains into the Swan River from various sources. The extensive drainage system that goes through Morley, Bayswater, Noranda and Dianella is perhaps a good example; it comes out through the Bayswater main drain. Following heavy rains in winter there is a massive outpouring of water through that main drain into the Swan River. That is where the Swan River gets a lot of its water from and it helps to flush the river. There is nothing wrong with that water, except that in some cases in the Bayswater main drain and the Ellenbrook drain there are excessive nutrients such as nitrates and phosphates. Where the drains go through other areas, there are chemicals.

The sewerage system would not be able to cope with the massive outflowing of water that comes off our road system during a heavy rain. That is why many of those drains are open. Although we have requests from residents to enclose those drains, we cannot do that because we must allow for expansion into major drainage areas to cater for the very heavy flows that sometimes occur. Those pipes which the member is talking about drain water that comes off local roads, which is not a problem.

Mrs van de KLASHORST: The first major initiative on page 1156 relates to developing a sediment remediation method to limit the release of sediment phosphorous that supports algal blooms. What is being done or developed to address this problem in the whole of the Swan River and, in particular, at the upper end of the river in the Swan Valley?

Dr HAMES: I am glad I have been asked this question. I have the answer; it is interesting, if somewhat long. I have been very keen on this experimental work and I have made sure that we have had adequate funds in the budget to do it. The initial trial was on a modified clay that absorbs phosphates. The first trial was a small one on the Swan River, and a much larger one was carried out at Lake Monger. Those trials appear to be extremely successful in absorbing large amounts of phosphates. In fact, a big article in a recent Australian water magazine talked about this new development that is being patented by the Commonwealth Scientific and Industrial Research Organisation. The next stage is to do more extensive trials.

The problem in the river is twofold: Firstly, a large amount of phosphates, and nitrates to a degree, are bound in the sediment in the Canning and Swan Rivers, which has come down through 100 years of development. Secondly, this river does not flush to any great degree; therefore, the sediment has slowly built up. I am sure the member will have seen an article on the Canning River recently in relation to this aspect. We must try to solve this problem in two areas: First, we must stop the phosphates and nitrates getting into the river in the first place. That is the long term solution, the important stuff. That is what all the catchment management groups are there for. Secondly, we must reduce the problem at Ellenbrook, where 26 tonnes of chemicals a year come down through the river. About 20 tonnes of chemicals each year come down through the Avon River. We must do everything we can to stop that from occurring at the same time as we do something about the sediment in the river.

One way of resolving that in the bad areas where the algal blooms tend to occur is to spread a layer of modified clay. That may be done on its own or with removal of some of the silt, as was suggested for the Canning River. However, that needs a bit more work to be done on it yet. Taking out all that silt releases a lot of nutrients that cause algal blooms if it is done at the wrong time of the year. Therefore, we can remove the silt just before the flows in winter and replace that area with modified clay. Those possibilities are still being looked at. They will be funded, I hope, over the next couple of years.

The other experimental program currently being undertaken in the Canning River, which is looking successful, is the oxygenation of the beds. That is used in hot spots - areas where there tend to be algal blooms - at the early stages of an algal bloom. With the poor flows of water during summer and the increase in temperatures, the phosphates that are bound in the sediments are released and they provide immediate nutrients to any algae, and they just bloom. Pumping oxygen into the water prevents that process. We need immediate management to attempt to deal with the problem now and long term management to prevent it happening in future.

[9.30 pm]

Mrs van de KLASHORST: Where are you getting this modified clay? Does it have to be mined and driven in? Will it be a problem to obtain it?

Dr HAMES: It is a product that requires a lot of work done on it. At present it is produced in relatively small quantities in a laboratory, I think, by the Commonwealth Scientific and Industrial Research Organisation.

Mrs van de KLASHORST: Is it an artificial clay? You are not pulling it out from the ground and then modifying it?

Dr HAMES: We do not know all the details because it is a patented process that CSIRO uses.

Ms MacTIERNAN: If it is patented, all the details will be published. That is what you have to do to get a patent.

Dr HAMES: I personally do not have those details.

Mrs van de KLASHORST: So, it is an artificial product produced in a laboratory rather than something found in the ground?

Mr PAYNE: It is a modified clay. It is at the small scale at the moment. Some of the questions for us are: How effective will it be? What will it cost to take it to a larger scale? At what point will that become non-competitive with say, dredging of the river and other approaches? That is one of the reasons we are going through these prototype testings at the moment. The product is subject to patent application. CSIRO is the principal carrier of that but the Water and Rivers Commission is also involved in the patent application. We hope it turns out to be an effective tool. It can be used also, we think, in wetlands designs where it could be dispersed throughout a catchment to help trap phosphorous. We think it has a lot of potential. However, we do not see it as a complete solution.

Mrs van de KLASHORST: The mind boggles at all these trucks digging up clay everywhere, modifying it and dropping it in the river!

Dr HAMES: A new set of clay pits in Maylands, perhaps!

Dr EDWARDS: My question relates to page 1160, "Output 3: Management plans". Under "Quantity - Production of management plans and strategies" you have five for 1997-98 and two as a target for 1998-99. Which of the five have been or are being produced? Which are the two planned for next year?

Mr ATKINS: The five that are being produced in the current year are the landscape description report, which was released some time ago; a catchment management plan for the Southern River-Upper Canning, which is nearing completion at the moment; a draft action plan for the Swan-Canning clean-up program, referred to by the Minister earlier this evening; a foreshore management plan for Freshwater Bay, which the trust has produced jointly with the Town of Claremont; and the Swan catchment phosphorous model, which was a Natural Heritage Trust funded project that produced a plan of phosphorous export risks for the Swan coastal plain catchment.

The two that are planned for next year are the landscape development control policy plan that we discussed a few moments ago; and the completion of the final Swan-Canning action plan in the final report after the public comment period.

Ms MacTIERNAN: Where on the Canning is the modified clay trial taking place? I understood that another technology was also being trialled which involved some sort of oxygenation process where you churned up the water.

Dr HAMES: Three trials have been conducted. A destratification trial was done in the Swan, where a curtain of air bubbles was pumped through the water to mix the salt water with the fresh water, because that was causing problems with the release of phosphates, and while that trial was successful in the laboratory model, it was not successful in the river, so that was discontinued. A modified clay trial was done in Lake Monger and in the Canning. An oxygenation trial was also done in the Canning, which I launched earlier this year.

Ms MacTIERNAN: Can you explain that trial?

Dr HAMES: The trial in the Canning involved pumping oxygen into the water. That trial is looking very good, as is the modified clay trial.

Mr ATKINS: The oxygenation trial is being done about one and a half kilometres upstream from the Kent Street Weir, almost adjacent to Carousel Shopping Centre. The modified clay trial is being done a bit further up river, in the vicinity of Greenfield Street. That is a tube experiment, where modified clay is applied to the river in confined tubes so that we can measure the relative rates of phosphorus absorption.

Dr EDWARDS: I refer to output 5 at page 1162, community education and awareness. Given what the Minister said previously about the amounts of money that were spent on advertising last year and that are proposed for this year, why have no performance measures been designed for money that was spent some time ago?

Mr ATKINS: The reason that performance measures have not been presented for this output is that we are having some difficulty in coming up with meaningful measures of outcomes rather than of things such as occupancy rates of beds in hospitals -

Dr EDWARDS: Or Minister's satisfaction!

Mr ATKINS: Yes. The quality measure refers to a community awareness survey. That survey has just been done. It is a fairly substantial report, prepared by consultants, and it covers a wide range of river management issues. We intend to pull some performance measures out of that for inclusion in future years, where we will measure community views on our output rather than our views on our output.

The CHAIRMAN: I refer to page 1156 and general protection of the Canning. I understand that riparian rights still exist, and in one instance, market gardeners along the Canning are extracting water from the river because of those riparian rights, and also presumably putting phosphates into the river because they are using fertilisers. That appears to me to be a conflict. Are there any moves to examine that issue?

[9.40 pm]

Dr HAMES: We are in the consultation period for reforms on water rights. That has been an extensive process, with large numbers of meetings and extensive advertising. A proposal has been put out on that. There is no plan to remove riparian rights. However, through the local area management program, local groups that take water from rivers have come to agreements, for example, not to take their full allocation if it has a detrimental effect on the flow of that river. That is for the smaller rivers, not the larger rivers like the Canning, where people will still have those riparian rights.

The role of catchment management groups is to inform people of the damage they are doing to the river and how they are contributing to the poor health of the river through excessive phosphates and to educate them on best practice.

**Division 75: Water and Rivers Commission, \$35 572 000 -**

[Ms McHale, Chairman.]

[Dr Hames, Minister for Water Resources.]

[Mr R.F. Payne, Chief Executive Officer.]

[Mr R.P. Atkins, Manager, Swan River Trust.]

Dr EDWARDS: What money has been allocated to deal with the problems of the Ellenbrook catchment?

Dr HAMES: That is a difficult question for two reasons: Firstly, the current allocation is spread through a number of different areas; secondly, I am currently investigating the possibility of significantly increasing funds to the Ellenbrook group. More phosphates go into that region of the river than through any other drainage system - 26 tonnes a year. It comes from a variety of sources, some industrial but mostly through intensive farming practices in that area and probably to a lesser extent some residential components. We need to do a lot of work to fix that. The catchment management group is keen. It is looking at doing what was done by the Bayswater integrated catchment management group with sedimentation ponds.

The Water Corporation, as one of its contracts, is required to put in a sedimentation pond along one of the brooks in that region. Also, Homeswest, as co-developer of Ellenbrook, might be persuaded to make a contribution to assist in the work that needs to be done in general advertising, local work and reducing that level of phosphate. We hope to do a lot more than has been done.

Dr EDWARDS: Is the Water and Rivers Commission the lead agency for that work?

Mr PAYNE: In broad terms the Water and Rivers Commission is picking up the catchment management initiative, and that includes the money that will be spent on Ellenbrook. However, our request for expenditure includes substantial money for waterways protection - \$9m - and strategic water resource policies. I cannot extract specific figures for Ellenbrook. However, in broad terms the money being spent in the catchments that go into the Swan - I am not dead sure of the number - is something like \$3m over three years across the catchments. Ellenbrook would get the lion's share, because it is the hot spot.

[9.45 pm]

Mr MacLEAN: I refer to page 1266, significant issues and trends, and the phrase "sustainable use is the fundamental premise of water resources management". What checks are in place to ensure that the Water Corporation does not overuse the licence issued by the commission?

Mr PAYNE: In setting the licence for the Water Corporation we set monitoring requirements. The corporation must report against its monitoring. We also have a monitoring bore system. There are two checks - self-regulation, where the corporation reports to us; and monitoring.



Mr MacLEAN: Is that undertaken on a bore by bore basis or does the Water Corporation consolidate over an area?

Mr PAYNE: I am not sure. It is generally done on groups of bores relating to the catchment or aquifer situations. There may be exceptions; that is where I am uncertain.

Mr MacLEAN: Can that be supplied as supplementary information?

Dr HAMES: The CEO would prefer a better definition of exactly what the member requires.

Mr MacLEAN: I would like to know if the licensing and checking arrangements are on a bore by bore basis for the draw-off by the Water Corporation or whether the Water Corporation consolidates bores in an area or aquifer or over a field which may contain more than one aquifer.

Mr PAYNE: Generally, it is on a bore by bore basis, but I am sure there are exceptions. We set a licence for a borefield, but there will be constraints on each bore. For example, last summer some parts of Gngangara mound were under a great deal of stress, so we required the Water Corporation to reduce its take on some 18 bores. It was a mixture of a blanket provision and a bore by bore provision.

Mr MacLEAN: How did you know that Gngangara mound was under stress and the bores that had not exceeded the allocation had to be reduced?

Mr PAYNE: In arriving at the take from Gngangara mound, for which we licensed the corporation, we were working within environmental constraints which we derived and to which the Environmental Protection Authority would have agreed. The objectives included the seasonal variation in the water level in the wetlands or in the monitoring bores - recognising that there could be tight years and easy years. We may set some environmental conditions which could be exceeded, say, two years in six, depending on the weather patterns. In other circumstances, we set levels on a monitoring bore which cannot be exceeded.

Mr MacLEAN: Was the fact that the wetlands in northern areas dried up - in some cases for the first time in 22 years - a trigger for the Water and Rivers Commission to rein in the Water Corporation?

Mr PAYNE: In part, yes, but in arriving at the environmental constraints we put in licences, we check with the EPA beforehand, and it agrees or disagrees. We also recognise that even though some of the wetlands may not have gone dry for 20 years, they are still ephemeral wetlands that will go dry in so many years in a decade or in a number of years.

[9.50 pm]

Mrs van de KLASHORST: The second dot point on page 1266 under significant issues and trends states -

Increased population and associated economic and social activity is increasing the demand for water.

What is being done to ensure that people in the outer metropolitan areas - I refer to my electorate - will receive equitable water supplies? In those areas with no sewerage system, as is the case in most outer areas, how do we ensure that our water will not be contaminated? I refer to the hills specifically, and the huge growing outer metropolitan area.

Dr HAMES: The issue of availability of water is under constant assessment by both the Water and Rivers Commission and the Water Corporation. As a combined group, they are constantly assessing predicted water requirements for not only the hills, but the whole metropolitan area. It is reasonably well under control. However, no-one can be absolutely certain about water availability as it depends upon how much water falls from the sky each year. Our interest is to ensure that any restrictions applied to water in relatively dry years are minimal, which has been the case of late.

A large number of bores are going in at Neerabup which will provide an extra 30 gegalitres a year, which is the equivalent of another dam for the metropolitan area. Also, we are evaluating Harvey Dam to see whether it can be increased in size again to provide water for the metropolitan area. The southern areas have water from mostly underground sources, with some dams. That area has sufficient supply for the foreseeable future.

Mrs van de KLASHORST: Are we encouraging people in the metropolitan area not to waste water?

Dr HAMES: That is the next part of the answer. A series of campaigns are directed to that end, one of which is the bore use campaign run by the Water and Rivers Commission. It was previously thought that bores were a no-no, but we now encourage their use. People taking underground water do exactly what is done by the Water Corporation. In fact, 40 per cent of the metropolitan water supply comes from the underground water supply, and this should increase to 50 per cent.

We put that water through expensive treatment mechanisms to ensure it is safe for human consumption; however, 70 per cent of water used on gardens is scheme water which has been treated. Although bores are a little expensive for individuals to sink, we encourage groups of homes to use them. For example, four neighbours may put down a bore at the back corner of a block, and a normal pump can provide water for all those houses.

We have cut down a lot of natural bores in the metropolitan area - they were called trees, which were efficient bore systems pumping water. Many trees have gone as a result of residential development. Putting bores down in most areas is beneficial. Morley is a good example of a rising water table, so bore use is perfectly reasonable. Cottesloe is an example where bore use is not reasonable as it has the ocean on one side, and salty river water on the other. Therefore, a bore would draw the salt into the water supply. Also, it is not appropriate to have bores close to wetlands. Nevertheless, we encourage bore use.

The Water Corporation has a requirement in its Act to promote water conservation, which is also promoted by the Water and Rivers Commission. People are encouraged to use water saving devices. In some country towns, for example Kalgoorlie, a fair amount of money was spent on installing water saving devices to reduce water consumption. That plays a big part. If and when we need a dam at Harvey, the number of bores that must go down will indicate how effective is the campaign to reduce water use. Water is still an extremely cheap commodity. A bathtub of water costs, I think, 8¢.

[9.55 pm]

Mrs van de KLASHORST: It is a bit more expensive for those of us who do not have it.

Dr HAMES: I am sure you have tanks and dams, as my brother does who lives in your electorate. He does not complain about his water.

Mrs van de KLASHORST: We manage with a 30 000 gallon rainwater tank. Why are we not encouraging people to save water by catching it from their roofs and putting it into their homes? It is a crime that it goes back into the soil or underground.

Dr HAMES: It is to a degree. Nature is one of the most efficient systems there is for cleaning water. All the water that runs off our roads containing metals and rubber and all sorts of contaminants goes into the river and into the ocean, evaporates and comes back as rain. Also 70 per cent of the rainwater goes to the underground supply through the sand which is one of the best filters possible. It comes down at the end of the day to cost. Providing a man-made filter system for that water is far more expensive than nature provides through its own filtering system.

Dr EDWARDS: I refer to output 2 at page 1273. Four plans are to be produced in 1997-98 and five in the next financial year. Is the west Kimberley water allocation plan one of those? If so, how will it be funded given the increase is only \$2 000?

Dr HAMES: Yes; it is one of them. It will be developed over two years, not one year.

Dr EDWARDS: How will it be funded given that the increase is only \$2 000?

Dr HAMES: We do not have the answer immediately available. I will provide that as supplementary information.

Dr EDWARDS: Will you provide as supplementary information the four plans produced in the current financial year and the five projected for the next year?

Dr HAMES: Yes.

Mr MacLEAN: I refer to water allocation at page 1268. Given that many areas are already over allocated for groundwater extraction; for example, Carabooda, what steps are being taken for best practice in the horticultural industry? How will the over allocation in all the relevant areas be addressed given the transferable water rights? Will compensation be paid to people who hold water licences but who are unable to use the water because of the over allocation? I imagine this non-existent water right could be sold in theory, but not in practice because it is already an over allocation.

Dr HAMES: My understanding is that it is not an over allocation.

Mr MacLEAN: The Water and Rivers Commission keeps writing to my growers saying that areas are already over allocated.

Dr HAMES: Water rights are denied because an area is fully allocated, not over allocated. You will be personally aware from issues that have arisen in your electorate that if a developer seeks extra water and the area is fully allocated, he must get the allocation from somebody else. In the past the allocations have been taken from those not using their full allocation, without compensation, and given to others. That makes the person it is given to very happy

and the person it is taken away from very unhappy. Part of the issue of transferable water rights is that it gives a financial value to the water allocation and allows people who lose it not to suffer and people who gain it to benefit, because they would not purchase it if it were not financially viable.

Mr MacLEAN: Will you provide the areas that are fully allocated as supplementary information?

Dr HAMES: We will double check to see whether there are areas that are "over allocated" and if so we will provide it as supplementary information.

*Committee adjourned at 10.01 pm*

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